

IOWA PUBLIC AGENCY INVESTMENT TRUST



DIVERSIFIED FUND
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

DIRECT GOVERNMENT OBLIGATION FUND
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FISCAL YEAR ENDING
JUNE 30, 2008

The Funds are distributed by WB Capital Management.

Shares of the Funds are NOT INSURED BY THE FDIC. Investment products involve investment risk, including the possible loss of principal. Past performance is not predictive of future results, and the composition of each Fund's portfolio is subject to change.

This annual report is not authorized for distribution unless accompanied or preceded by a current Information Statement also known as a prospectus. An investor should consider the Funds' investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information about the investment company can be found in the Fund's Information Statement. To obtain more information, please call 800-872-4024 or visit the website IPAIT.org. Please read the Information Statement carefully before investing.

Iowa Public Agency Investment Trust
Diversified Fund
Comprehensive Annual Financial Report



Iowa Public Agency Investment Trust
Direct Government Obligation Fund
Comprehensive Annual Financial Report

For the Fiscal Year
Ended June 30, 2008

www.IPAIT.org

Prepared by the
Iowa Public Agency Investment Trust
Board of Trustees



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INTRODUCTORY SECTION





Letter From The Chair

August 20, 2008

Dear Fellow IPAIT Participants:

The Iowa Public Agency Investment Trust (IPAIT) is pleased to submit the Diversified Fund and Direct Government Obligation Fund (DGO) Comprehensive Annual Financial Reports for the Fiscal Year ended June 30, 2008. The IPAIT Board of Trustees and service providers are responsible for the content of the reports. Fiscal Year 2007-2008 was marked with the Federal Reserve lowering interest rates in order to address economic issues including credit difficulties, the housing slump, and rising inflation. During this period, the IPAIT Diversified and DGO Funds maintained yields comparable to other money market funds during the year, while being an educational resource for IPAIT participants. For a detailed review of the Funds, please refer to Management's Discussion and Analysis of each Fund located in the Financial Section.

Iowa Economy

The economic slowdown affected Iowa to a greater relative extent in 2007, but expectations for 2008 are improving. Real national GDP growth of 2.0 percent exceeded Iowa's growth of 1.7 percent. However, Iowa 2007 personal income growth of 4.2 percent is expected to rise to 5.1 percent in 2008. Recent payroll figures have shown increased hiring in Iowa's seasonal industries for a net add to payrolls year-to-date which exceeds the national average.

While the national unemployment rate rose throughout 2007 from 4.4 percent to 5.0 percent, Iowa's unemployment remains below the national rate, rising from 3.7 percent to 3.8 percent over the year and to 3.9 percent at the end of May. This level compares well to our midwest neighbors. Although Nebraska, North Dakota and South Dakota have lower unemployment rates, Iowa competes well against Minnesota (5.4 percent), Illinois (6.4 percent) and Wisconsin (4.4 percent). Iowa saw payroll growth in 2007, and 10,200 nonfarm jobs were added to payrolls year-over-year in May which represented a 0.7 percent increase and exceeded the national average of 0.1 percent.

The Federal Reserve continues to walk a thin line between reviving economic growth and exacerbating inflation as CPI has risen to 4.2 percent on the heels of dramatically higher commodities prices. Midwest inflation was more tame at 4.0 percent, and wage pressures in the Midwest are lower with the Midwest employment cost index rising only 2.4 percent versus a national increase of 3.0 percent. The Fed has clearly focused on inflation concerns, but will not likely raise overnight rates until late this year.

Deterioration in the national housing markets is also reflected in Iowa. Single family home permits dropped 16 percent in 2007 which is an improvement over the 22 percent decline in 2006. In the first quarter, single family home permits dropped 30 percent year-over-year although the home price index rose 2.8 percent. Farm values have also risen 17 percent year-over-year as of April with land in the north central part of the state showing strongest growth.

The past twelve months have been challenging to the Iowa and national economies. The Midwest typically enjoys less volatility in most aspects of the economy, and a difficult housing market has not impacted our growth and inflation experience to the same extent as other areas of the country. Although Iowa projects growth in personal income, municipal budgets will be constrained by declining property tax revenues and rising healthcare costs.

Investment Policies and Strategies

IPAIT was created pursuant to Iowa Code Chapter 28E in 1987 to enable eligible Iowa public agencies to invest their available operating and reserve funds in a competitive rate environment, safely and effectively. Both the Diversified and DGO Funds have followed established money market mutual fund investment parameters designed to maintain a \$1 per unit net asset value since inception.

Investment Safeguards

Both Funds continue to be focused on their investment objectives as stated in the IPAIT Investment Policy. These goals, in order of priority are: safety of invested principal, maintenance of liquidity, and maximum yield. Within these objectives, each Fund strives to provide participants with the best available rates of return for legally authorized investments. All security settlements within either Fund are settled on a delivery-versus-payment (DVP) basis. DVP settlements greatly reduce the possibility of inappropriate transmission of funds or securities.

Iowa Public Agency
Investment Trust
Diversified Fund

Iowa Public Agency
Investment Trust
Direct Government Obligation



c/o WB Capital Management
1415 28th Street, Suite 200
West Des Moines, IA 50266



Reliability of Investment Section

All commentary and displays in the Investment Section were prepared by IPAIT's service provider, WB Capital Management Inc. (WB Capital), the program's Investment Adviser, Administrative Services provider, and Program Support provider. WB Capital has provided services to the IPAIT program since the program's inception in 1987. All services provided by IPAIT to participants are subject to rigorous and regular verification. WB Capital and IPAIT have designed internal controls and procedures to ensure that material information is made known to the principal executive officers, Jeff Lorenzen (Chief Executive Officer), Vera Lichtenberger (Chief Compliance Officer), and Amy Mitchell (Chief Financial Officer), respectively during the reporting period for the semi-annual and annual report to shareholders. These individuals are required to report any deficiencies and any fraud to the Fund Auditor and to the Executive Committee immediately upon discovery.

Statement of Changes in Net Assets

For the fiscal year ending June 30, 2008 (FY 08) and the fiscal year ending June 30, 2007 (FY 07) total interest earned, total operating expenses, and net investment income for the IPAIT Diversified and the DGO Funds were as follows:

	<u>Interest Earned</u>	<u>Expenses</u>	<u>Net Investment Income</u>
Diversified Fund			
FY 08	\$ 11,090,199	\$ 1,048,169	\$ 10,042,030
FY 07	\$ 12,944,292	\$ 1,037,120	\$ 11,907,172
DGO Fund			
FY 08	\$ 714,752	\$ 77,575	\$ 637,177
FY 07	\$ 1,087,816	\$ 93,621	\$ 994,195

The decrease in year-over-year interest earned for the Funds is primarily attributed to lower fund yields in FY 08, however, the amount was offset by higher fund balances.

IPAIT operates pursuant to Service Provider agreements for all aspects of operation. Every agreement specifies the fees to be charged for each component of IPAIT services. Financial and operating highlights from this past year include:

- Receipt of an eleventh consecutive Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA),
- Average combined daily investments in the Diversified and DGO Funds of \$310,845,108, up from \$267,010,219 in the previous fiscal year,
- Placement of 16 Iowa financial institution Certificates of Deposit in the IPAIT Diversified Fund representing over \$20,600,000,
- An authorized membership total of 414 public bodies representing 192 cities, 94 counties, 90 municipal utilities, and 38 other eligible public agencies, and
- Total funds invested in IPAIT's investment alternatives peaked for the fiscal year at \$586,943,666 on May 28, 2008.

The GFOA awarded an eleventh consecutive Certificate of Achievement for Excellence in Financial Reporting to the Iowa Public Agency Investment Trust for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Participant Meetings

IPAIT had one participant meeting this year with two proposals considered, including the election of the Board of Trustees and the selection of program auditors. Details of the meeting results and proposal responses can be found on page 45 of this report.



Summary

On behalf of IPAIT's Board of Trustees, sponsoring associations and service providers, we thank you for your continued support of the Iowa Public Agency Investment Trust. We encourage you to contact us with comments and suggestions regarding any improvements to the operation of IPAIT. Your involvement in IPAIT is essential in its ability to provide a competitive investment alternative, and ongoing program opportunities for association members. As we begin fiscal year 2008-2009, IPAIT will continue to be guided by its objectives of safety, liquidity, and competitive return. In addition, IPAIT will be an excellent resource as a user-friendly investment alternative and also an educational resource. The website provides monthly updates as well as access to the secure IPASonline™ system. We collectively pledge to continue working together to provide a safe source of interest income for every participant.

Respectfully,

Tom Hanafan
Chair, Board of Trustees



TO IPAIT PARTICIPANTS:

While IPAIT's Diversified Fund and Direct Government Obligation (DGO) Fund financial statements and the related financial data contained in these Certified Annual Financial Reports (CAFR's) have been prepared in conformity with generally accepted accounting principles and have been audited by IPAIT's Independent Registered Public Accounting Firm, KPMG LLP, the ultimate accuracy and validity of this information is the responsibility of the management of the Iowa Public Agency Investment Trust Board of Trustees.

To carry out this responsibility, the Board of Trustees maintains financial policies, procedures, accounting systems and internal controls which the Board believes provide reasonable, but not absolute, assurance that accurate financial records are maintained and investment assets are safeguarded.

In addition, the three ex-officio trustees meet with the Program's service providers and legal counsel to review all aspects of IPAIT performance each month. The Board of Trustees meets quarterly to similarly review Program performance and compliance. In addition, the IPAIT Board of Trustees regularly subjects IPAIT to a comprehensive review of all services and costs of operation.

Fiscal Year 2007 CAFR's were submitted to the GFOA and received their eleventh consecutive Certificates of Achievement for Excellence in Financial Reporting.

In the Board's opinion, IPAIT's internal controls are adequate to ensure that the financial information in this report presents fairly the IPAIT Diversified and DGO Fund operations and financial condition.

Sincerely,

Robert Haug
Secretary, Board of Trustees
Iowa Public Agency Investment Trust



Board of Trustees



Mr. Alan Kemp
Executive Director,
Iowa League of Cities



Mr. William Peterson
Executive Director,
Iowa State Association of Counties
IPAIT Assistant Secretary and Treasurer to the Board



Mr. Robert Haug
Executive Director,
Iowa Association of Municipal Utilities
IPAIT Secretary to the Board



Mr. Jody Smith
Director of Administrative Services/
City Clerk
City of West Des Moines



Mr. Wayne Northey
Supervisor
Dickinson County



Mr. Donald Kerker
Director, Finance and
Administrative Services
Muscatine Power and Water



Mr. Tom Hanafan
Mayor
City of Council Bluffs



Ms. Dianne Kiefer
County Treasurer
Wapello County



Mr. Leon Rodas
General Manager
Spencer Municipal Utility



Ms. Susan Vavroch
City Treasurer
City of Cedar Rapids



Mr. Richard Heidloff
County Treasurer
Lyon County



Mr. Craig Hall
Manager
Brooklyn Municipal Utilities

The trustees and officers are not compensated for Board service.
Expenses incurred in attending meetings are paid by the Trust.



Board of Trustees

Name	Address	Age	Position held with IPAIT	Term of Office	Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios Overseen by Trustee	Outside Directorships
Richard Heidloff	206 S. Second Avenue Rock Rapids, IA 51246	63	Trustee	Term Ending 2011	Since 2006	Lyon County Treasurer	2	None
Thomas Hanafan	209 Pearl Street Council Bluffs, IA 51503	59	Trustee, Chair	Term Ending 2009	Since 1992	Council Bluffs Mayor	2	None
Donald Kerker	3205 Cedar Street Muscatine, IA 52761	57	Trustee	Term Ending 2011	Since 1999	Director, Finance & Administrative Services, Muscatine Power and Water	2	None
Dianne Kiefer	101 W. Fourth Street Ottumwa, IA 52501	58	Trustee, Vice Chair	Term Ending 2010	Since 2000	Wapello County Treasurer, College Instructor, Buena Vista University	2	None
Wayne Northey	13750 240th Avenue Spirit Lake, IA 51360	74	Trustee	Term Ending 2009	Since 2007	Dickinson County Supervisor	2	None
Craig Hall	138 Jackson Street Brooklyn, IA 52211	56	Trustee	Term Ending 2010	Since 2004	Manager, Brooklyn Municipal Utilities	2	None
Leon Rodas	712 North Grand P.O. Box 222 Spencer, IA 51301	56	Trustee, Second Vice Chair	Term Ending 2009	Since 2003	General Manager, Spencer Municipal Utility	2	None
Jody Smith	P.O. Box 65320 West Des Moines, IA 50265	55	Trustee	Term Ending 2010	Since 1994	Director of Administrative Services/City Clerk, West Des Moines	2	None
Susan Vavroch	50 Second Avenue Bridge Cedar Rapids, IA 52401	49	Trustee	Term Ending 2011	Since 2003	Cedar Rapids City Treasurer	2	None
Alan Kemp	317 Sixth Avenue, Ste 1400 Des Moines, IA 50309	47			Since 2007	Iowa League of Cities Executive Director		
William Peterson	501 SW Seventh St, Ste Q Des Moines, IA 50309	57	IPAIT Treasurer & Assistant Secretary		Since 1994	Iowa State Association of Counties Executive Director		
Robert Haug	1735 NE 70th Avenue Ankeny, IA 50021	60	IPAIT Secretary		Since 1987	Iowa Association of Municipal Utilities Executive Director		



Sponsoring Associations



IOWA ASSOCIATION OF MUNICIPAL UTILITIES

Iowa Association of Municipal Utilities
1735 NE 70th Avenue
Ankeny, IA 50021-9353
Robert Haug, Executive Director
bhaug@iamu.org
515-289-1999



Iowa State Association of Counties
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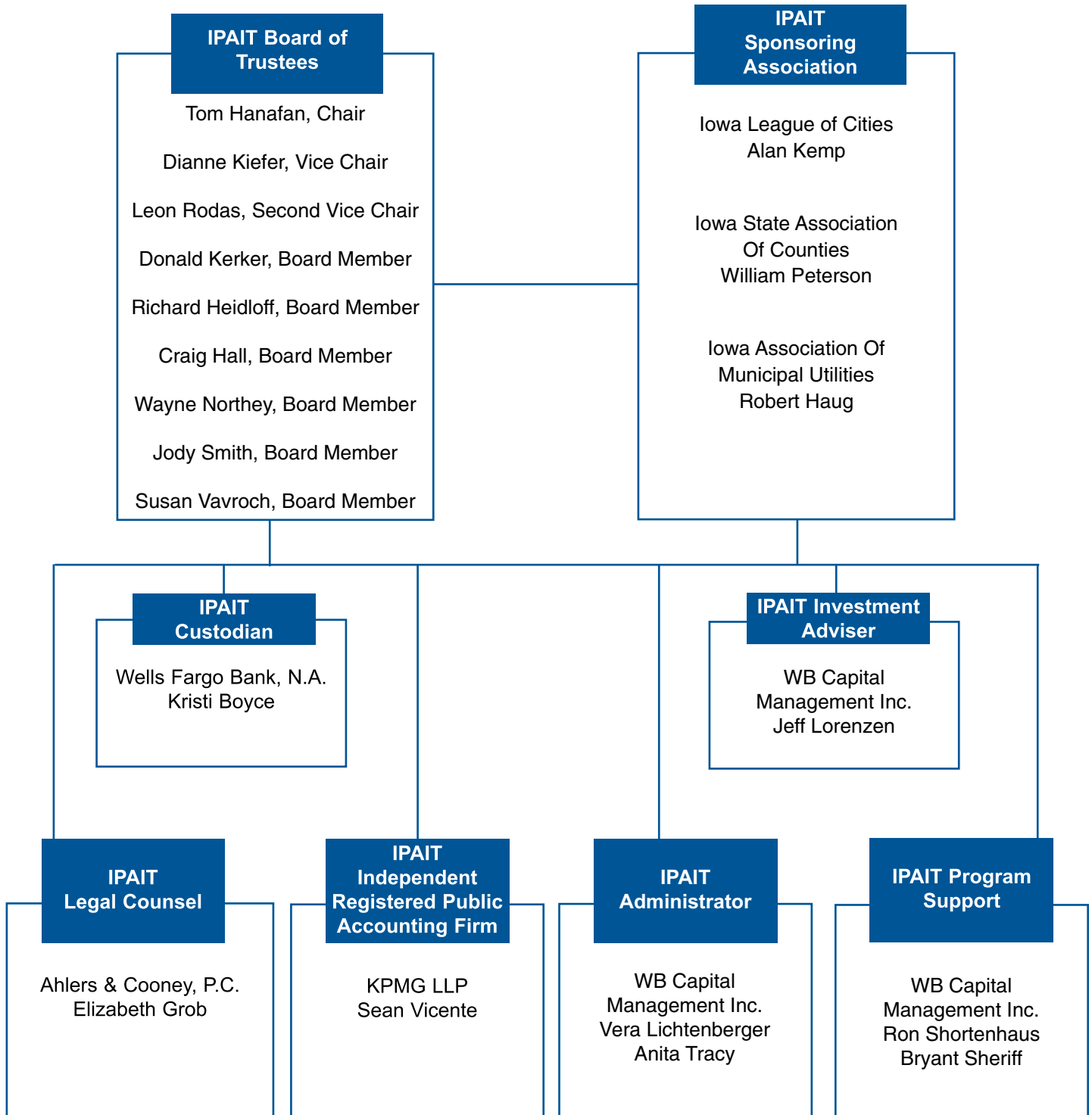
Independent Registered Public Accounting Firm



KPMG LLP
2500 Ruan Center
666 Grand Avenue
Des Moines, IA 50309
Sean Vicente 515-697-1108
msvicente@kpmg.com



Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Iowa Public Agency Investment
Trust Diversified Fund/Direct
Government Obligation Fund

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Chloe S. Cox
President

Jeffrey R. Emer
Executive Director

FINANCIAL SECTION





KPMG LLP
2500 Ruan Center
666 Grand Avenue
Des Moines, IA 50309

Report of Independent Registered Public Accounting Firm

The Board of Trustees and Unitholders
Iowa Public Agency Investment Trust:

We have audited the accompanying statement of net assets, including the schedule of investments, of the Diversified Portfolio of the Iowa Public Agency Investment Trust (the Trust) as of June 30, 2008, and the related statements of operations and changes in net assets for each of the years in the two-year period then ended, and financial highlights for each of the five years in the period then ended. These financial statements and the financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and the financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2008, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Diversified Portfolio of the Iowa Public Agency Investment Trust as of June 30, 2008, and the results of its operations and its changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 14, 2008 on our consideration of the Trust's internal control over financial reporting and its compliance with certain provisions of laws, regulations, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Our audit was performed for the purpose of forming an opinion on the Trust's financial statements. The introductory section, other supplementary information, investment section and statistical section are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied by us in the audits of the financial statements and, accordingly, we express no opinion on them.

The management's discussion and analysis on pages 17 to 19 is not a required part of the financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the management discussion and analysis information. However, we did not audit the information and express no opinion on it.

KPMG LLP

Des Moines, Iowa
August 14, 2008



Management's Discussion and Analysis

This section of the IPAIT Diversified Portfolio's annual Financial Report presents management's discussion and analysis of the financial position and results of operations for the fiscal years ended June 30, 2008 (FY 08) and 2007 (FY 07). This information is being presented to provide additional information regarding the activities of IPAIT, pursuant to the requirements of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, and Statement No. 38, Certain Financial Statement Note Disclosures (Statements Nos. 34, 37, and 38). This discussion and analysis should be read in conjunction with the Report of Independent Registered Public Accounting Firm, KPMG LLP, the Financial Statements, and the accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis provides an introduction to and overview of the basic financial statements of IPAIT's Diversified Portfolio. The following components comprise the financial statements: 1) Schedule of Investments, 2) Statement of Net Assets, 3) Statements of Operations, 4) Statements of Changes in Net Assets, and 5) Notes to Financial Statements.

- The Schedule of Investments lists each security held by the portfolio as of the date of current fiscal year end.
- The Statement of Net Assets shows the financial position (assets and liabilities) of the portfolio as of the date of the current fiscal year end.
- The Statements of Operations display the results of operations (income and expenses) of the portfolio for the two most recent fiscal years.
- The Statements of Changes in Net Assets display the results of additions (net investment income, unit sales, and reinvestments) and deductions (dividends and unit redemptions) of the portfolio for the two most recent fiscal years.
- The Notes to Financial Statements describe significant accounting policies and disclose summary security transaction amounts of the portfolio and other information required by U.S. generally accepted accounting principles.

CONDENSED FINANCIAL INFORMATION AND FINANCIAL ANALYSIS

Year-over-year changes in most financial statement amounts reported in IPAIT's Diversified Portfolio are most significantly impacted by the level of average net assets (which fluctuates based on the overall levels of participant/unitholder invested balances). Additionally, changes in the short-term interest rate environment (which follows the general trend established by monetary policy set by the Federal Reserve) contribute to year-over-year variances in the amount of investment income earned by the portfolio. Over the last twelve months, the Federal Reserve's Federal Open Market Committee lowered the Fed Funds target rate seven times from 5.25 percent to 2.00 percent. In the preceeding twelve months, the Fed Funds target rate of 5.25 percent did not change.



Management's Discussion and Analysis (cont.)

Condensed financial information and variance explanations for FY 08, as compared to FY 07 follows.

Net Assets	June 30, 2008	Percent Change	June 30, 2007
Total investments	\$ 354,814,208	48%	\$ 240,230,576
Excess of other assets over total liabilities	576,357	456%	103,667
Net assets held in trust for pool participants	<u>355,390,565</u>	48%	<u>240,334,243</u>
Average Net Assets	<u>\$ 290,430,630</u>	18%	<u>\$ 245,847,573</u>

Total investments and net assets increased 48 and 48 percent, respectively, comparing June 30, 2008 and June 30, 2007 amounts. During FY 08, average net assets increased 18 percent to \$290,430,630 from average net assets of \$245,847,573 during FY 07. The Diversified portfolio experienced a net increase of assets in FY 08. Management believes the result was due to the portfolio's favorable return compared to alternative investments, and the safety the portfolio provides. With credit issues and economic concerns in the marketplace, IPAIT participants increased assets held in the Diversified portfolio with its primary objective of preservation of invested principal.

Change in Net Asset for the years ended	June 30, 2008	Percent Change	June 30, 2007
Investment Income	\$ 11,090,199	-14%	\$ 12,944,292
Total Expenses	(1,048,169)	1%	(1,037,120)
Dividends to unitholders from net investment income	(10,042,030)	-16%	(11,907,172)
Net increase in assets derived from unit transactions	115,056,322	212%	36,852,702
Net assets at beginning of year	<u>240,334,243</u>	18%	<u>203,481,541</u>
Net assets at end of year	<u>\$ 355,390,565</u>	48%	<u>\$ 240,334,243</u>

Investment income and dividends to unitholders from net investment income decreased 14 percent and 16 percent, respectively, during FY 08 compared to FY 07 due to the lower interest rate environment. During the 12-month period in FY 08, the Fed Funds target rate dropped from 5.25 percent to 2.00 percent. Total expenses are derived based on net assets held by the Fund. These expenses increased 1 percent during FY 08 compared to FY 07. The average net assets were higher for FY 08 which would normally result in relatively higher expenses. Due to the service provider fee decrease effective January 2, 2007, the fees charged to the Fund were lower for the entire 12 months of the fiscal year rather than just six months of the previous year. During FY 08 compared to FY 07, units sold and redeemed increased 8 percent and 2 percent, respectively.



Management's Discussion and Analysis (cont.)

Condensed financial information and variance explanations for FY 07, as compared to FY 06 follows.

Net Assets	June 30, 2007	Percent Change	June 30, 2006
Total investments	\$ 240,230,576	15%	\$ 209,699,643
Excess of other assets over total liabilities	103,667	102%	(6,218,102)
Net assets held in trust for pool participants	<u>240,334,243</u>	18%	<u>203,481,541</u>
Average Net Assets	<u>\$ 245,847,573</u>	7%	<u>\$ 229,267,241</u>

Total investments and net assets increased 15 and 18 percent, respectively, comparing June 30, 2007 and June 30, 2006 amounts. During FY 07, average net assets increased 7 percent to \$245,847,573 from average net assets of \$229,267,241 during FY 06. The significant decrease in excess of total liabilities over other assets was due to a liability for securities purchased on June 30, 2006 and settled on July 3, 2006 in the amount of \$6,235,663. The Diversified portfolio experienced a net increase of assets in FY 07 due to a more favorable interest rate environment for the entire 12-month period compared to the prior 12-month period. Also, the Diversified portfolio's investment rate was more favorable than alternative investments, such as bank certificates of deposit.

Change in Net Asset for the years ended	June 30, 2007	Percent Change	June 30, 2006
Investment Income	\$ 12,944,292	35%	\$ 9,590,801
Total Expenses	(1,037,120)	-7%	(1,118,335)
Dividends to unitholders from net investment income	(11,907,172)	41%	(8,472,466)
Net increase (decrease) in assets derived from unit transactions	36,852,702	241%	(26,186,425)
Net assets at beginning of year	<u>203,481,541</u>	-11%	<u>229,667,966</u>
Net assets at end of year	<u>\$ 240,334,243</u>	18%	<u>\$ 203,481,541</u>

Investment income and dividends to unitholders from net investment income increased 35 percent and 41 percent, respectively, during FY 07 compared to FY 06 due to the higher interest rate environment for the entire 12-month period. Total expenses are derived based on net assets held by the Fund. These expenses decreased 7 percent during FY 07 compared to FY 06 due to a reduction in fees effective January 2, 2007. During FY 07 compared to FY 06, units sold and redeemed increased 8 percent and 3 percent, respectively.

CONTACTING THE PORTFOLIO'S FINANCIAL MANAGEMENT

This financial report is designed to provide IPAIT participants and prospective investors with a general overview of the Fund's finances and to demonstrate the Fund's accountability for the resources it receives and manages. If you have questions about the report or need additional financial information, contact IPAIT at 800-872-4024 or visit the website at IPAIT.org.



Iowa Public Agency Investment Trust - Diversified Portfolio Schedule of Investments - June 30, 2008 (Showing Percentage of Total Invest-

<u>Par Value</u>	<u>Description</u>	<u>Yield at Time of Purchase</u>	<u>Due Date</u>	<u>Amortized Cost</u>
DISCOUNTED GOVERNMENT SECURITIES -- 4.78%				
\$ 11,000,000	Federal Home Loan Bank Discount Note	2.24%	07/18/08	\$ 10,988,572
6,000,000	Federal Home Loan Bank Discount Note	2.24%	07/30/08	5,989,367
	TOTAL (cost -- \$16,977,939)			<u>\$ 16,977,939</u>
COUPON SECURITIES -- 25.93%				
\$ 2,250,000	Federal Home Loan Bank, 4.40%	4.44%	07/28/08	\$ 2,249,922
2,500,000	Federal Home Loan Bank, 5.00%	4.78%	08/01/08	2,500,432
2,000,000	Federal Home Loan Bank, 4.00%	4.78%	08/13/08	1,998,216
3,000,000	Federal Home Loan Mortgage Corporation, 5.13%	4.58%	08/14/08	3,001,880
2,000,000	Federal Home Loan Bank, 5.00%	4.61%	09/12/08	2,001,503
5,000,000	Federal Home Loan Mortgage Corporation, 4.63%	2.18%	09/15/08	5,024,911
4,000,000	Federal Farm Credit Bank, 4.65%	4.55%	09/17/08	4,000,827
5,000,000	Federal Home Loan Bank, 4.63%	2.48%	10/10/08	5,029,069
6,000,000	Federal Home Loan Bank, 4.50%	2.18%	10/14/08	6,039,426
1,000,000	Federal Home Loan Bank, 5.55%	4.21%	11/25/08	1,005,200
1,000,000	Federal Home Loan Bank, 4.00%	2.70%	11/28/08	1,005,241
1,000,000	Federal Home Loan Bank, 4.75%	4.13%	12/12/08	1,002,688
4,000,000	Federal Home Loan Bank, 4.13%	4.13%	12/12/08	3,999,945
4,000,000	Federal Home Loan Bank, 4.13%	3.63%	01/07/09	4,010,063
3,700,000	Federal Home Loan Bank, 3.18%	3.50%	01/22/09	3,693,462
3,100,000	Federal Home Loan Bank, 5.75%	2.50%	02/13/09	3,161,114
5,000,000	Federal Home Loan Bank, 4.75%	2.52%	03/13/09	5,076,540
3,000,000	Federal Home Loan Bank, 5.25%	2.35%	03/13/09	3,059,875
6,000,000	Federal Home Loan Bank, 2.26%	2.27%	03/25/09	5,999,414
6,000,000	Federal Home Loan Mortgage Corporation, 2.27%	2.36%	04/14/09	5,995,388
4,000,000	Federal Home Loan Mortgage Corporation, 2.27%	2.51%	04/14/09	3,992,466
3,000,000	Federal Home Loan Bank, 2.32%	2.43%	04/28/09	2,997,326
3,000,000	Federal Home Loan Bank, 2.60%	2.46%	05/14/09	3,003,606
4,000,000	Federal Home Loan Bank, 2.60%	2.40%	05/14/09	4,006,862
4,000,000	Federal Home Loan Bank, 2.50%	2.65%	05/28/09	3,994,675
4,000,000	Federal National Mortgage Association, 6.38%	2.70%	06/15/09	4,137,218
	TOTAL (cost -- \$91,987,269)			<u>\$ 91,987,269</u>



Iowa Public Agency Investment Trust - Diversified Portfolio Schedule of Investments - June 30, 2008 (Showing Percentage of Total Invest-

<u>Par Value</u>	<u>Description</u>	<u>Yield</u> <u>Time of</u> <u>Purchase</u>	<u>Due Date</u>	<u>Amortized Cost</u>
CERTIFICATES OF DEPOSIT -- 3.58%				
\$ 800,000	Exchange Bank-Collins	5.60%	07/07/08	\$ 800,000
1,000,000	Peoples Bank-Hawarden	3.12%	07/28/08	1,000,000
1,500,000	Vision Bank-West Des Moines	5.29%	08/25/08	1,500,000
1,000,000	St. Ansgar State Bank-St. Ansgar	5.01%	09/08/08	1,000,000
1,500,000	Union State Bank-Winterset	5.01%	09/08/08	1,500,000
1,000,000	Bank of the West-West Des Moines	4.45%	09/17/08	1,000,000
900,000	First State Bank-Ida Grove	2.62%	11/18/08	900,000
1,000,000	Bank of the West-West Des Moines	4.30%	12/19/08	1,000,000
2,000,000	U.S. Bank-Des Moines	4.25%	12/19/08	2,000,000
1,000,000	American Bank-LeMars	4.29%	12/22/08	1,000,000
1,000,000	American Bank-LeMars	2.80%	05/07/09	1,000,000
	TOTAL (cost -- \$12,700,000)			<u>\$ 12,700,000</u>
REPURCHASE AGREEMENTS (collateralized by U.S. Govt. Securities) -- 65.71%				
\$ 78,000,000	Banc of America Securities LLC	2.16%	07/01/08	\$ 78,000,000
80,000,000	Barclays Capital, Inc.	2.30%	07/01/08	80,000,000
75,149,000	Lehman Brothers, Inc.	2.00%	07/01/08	75,149,000
	TOTAL (cost -- \$233,149,000)			<u>\$ 233,149,000</u>
TOTAL INVESTMENTS -- 100% (cost -- \$354,814,208)				<u><u>\$ 354,814,208</u></u>



Iowa Public Agency Investment Trust - Diversified Portfolio Statement of Net Assets - June 30, 2008

ASSETS

Investments in securities at amortized cost:	
Discounted Government Securities	\$ 16,977,939
Coupon Securities	91,987,269
Certificates of Deposit	12,700,000
Repurchase Agreements	233,149,000
Cash	741
Interest Receivable	1,286,898
Total Assets	<u>356,101,847</u>

LIABILITIES

Investment advisory, administrative, and program support fees payable	63,810
Custody fees payable	8,523
Distribution fees payable	21,306
Other fees and expenses payable	7,101
Dividends payable	610,542
Total Liabilities	<u>711,282</u>

NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS	<u><u>\$ 355,390,565</u></u>
Units of beneficial interest outstanding	<u><u>355,390,565</u></u>
Net asset value - offering and redemption price per share	<u><u>\$ 1.00</u></u>



Iowa Public Agency Investment Trust - Diversified Portfolio

Statements of Operations
For the Years Ended June 30,

	2008	2007
INVESTMENT INCOME:		
Interest	\$ 11,090,199	\$ 12,944,292
EXPENSES:		
Investment advisory, administrative, and program support fees	670,609	666,152
Custody Fees	87,129	95,391
Distribution fees	217,823	214,115
Other fees and expenses	72,608	61,462
TOTAL EXPENSES	1,048,169	1,037,120
NET INVESTMENT INCOME	\$ 10,042,030	\$ 11,907,172

Statements of Changes in Net Assets
For the Years Ended June 30,

	2008	2007
ADDITIONS:		
From Investment Activities:		
Net Investment income	\$ 10,042,030	\$ 11,907,172
From Unit Transactions:		
(at constant net asset value of \$1 per unit)		
Units sold	1,350,872,208	1,246,520,563
Units issued in reinvestment of dividends from net investment income	10,036,009	11,054,958
TOTAL ADDITIONS	1,370,950,247	1,269,482,693
DEDUCTIONS:		
Dividends to unitholders from:		
Net investment income	(10,042,030)	(11,907,172)
From Unit Transactions:		
Units redeemed	(1,245,851,895)	(1,220,722,819)
TOTAL DEDUCTIONS	(1,255,893,925)	(1,232,629,991)
Net increase in net assets	115,056,322	36,852,702
Net assets held in trust for pool participants at beginning of period	240,334,243	203,481,541
Net assets held in trust for pool participants at end of period	\$ 355,390,565	\$ 240,334,243



(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Iowa Public Agency Investment Trust (IPAIT) is a common law trust established under Iowa law pursuant to Chapter 28E and Sections 331.555 and 384.21, Iowa Code (1987), as amended, which authorizes Iowa public agencies to jointly invest monies pursuant to a joint investment agreement. IPAIT is registered under the Investment Company Act of 1940 as required by Iowa Statute and files reports with the Securities and Exchange Commission under Regulation S-X. IPAIT was established by the adoption of a Joint Powers Agreement and Declaration of Trust as of October 1, 1987, and commenced operations on November 13, 1987. The Joint Powers Agreement and Declaration of Trust was amended September 1, 1988, May 1, 1993, and again on September 1, 2005. As amended, IPAIT is authorized to operate and now operates investment programs, one of which is the Diversified Portfolio. The accompanying financial statements include activities of the Diversified Portfolio. The objective of the portfolio is to maintain a high degree of liquidity and safety of principal through investment in short-term securities as permitted for Iowa public agencies under Iowa law. Wells Fargo Bank, N.A. (Wells Fargo), serves as the Custodian, and WB Capital Management Inc. (WB Capital) serves as the Investment Adviser, Administrator, and Program Support Provider.

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net investment income during the year. Actual results could differ from those estimates.

In reporting financial activity, IPAIT applies applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as all Financial Accounting Standards Board and predecessor statements and interpretations not in conflict with GASB pronouncements.

IPAIT is exposed to various risks in connection with operation of the Diversified Portfolio and adheres to policies which attempt to mitigate market risk in the portfolio and maintains insurance coverage for fidelity and errors and omissions exposures. IPAIT has had no claims or settlements under its insurance coverage since its organization in 1987.

INVESTMENTS IN SECURITIES

The Diversified Portfolio consists of cash and short-term investments valued at amortized cost, which approximates fair value, pursuant to Rule 2a-7 under the Investment Company Act of 1940. This involves valuing a portfolio security at its original cost on the date of purchase, and thereafter amortizing any premium or discount on a straight-line basis to maturity. The amount of premium or discount amortized to income under the straight-line method does not differ materially from the amount which would be amortized to income under the interest method due to the short-term nature of investments held. Procedures are followed to maintain a constant net asset value of \$1.00 per unit for the portfolio.

Security transactions are accounted for on the trade date. Interest income, including the accretion of discount and amortization of premium, is recorded daily on the accrual basis.

IPAIT is authorized by investment policy and statute to invest public funds in obligations of the U.S. government, its agencies and instrumentalities; certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions approved and secured pursuant to Chapter 12B of the Code of Iowa; and repurchase agreements, provided that the underlying collateral consists of obligations of the U.S. government, its agencies and instrumentalities and that IPAIT's custodian takes delivery of the collateral either directly or through an authorized custodian.

In connection with transactions in repurchase agreements, it is IPAIT's policy that its custodian take possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest at all times. If the seller defaults and the value of the collateral declines, realization of the collateral by IPAIT may be delayed or limited. At June 30, 2008, the securities purchased under overnight agreements to resell were collateralized by government agency securities with a value of \$238,879,069.

Certificate of deposit amounts up to \$100,000 are insured by the Federal Depository Insurance Company (FDIC). For public funds deposited in Iowa financial institutions in excess of the \$100,000 FDIC insurance, the local financial institution must comply with Iowa Code Section 12c.22 to insure appropriate collateralization. As of June 30, 2008, public funds invested in certificates of deposit not covered by FDIC insurance were \$11,800,000. Public funds not covered by FDIC or collateralization are covered by the state sinking fund in accordance with Chapter 12C of the Code of Iowa, which provides for additional assessments against depositories to ensure there will be no loss of public funds.



Under Governmental Accounting Standards as to custodial credit risk, IPAIT's investments in securities in the Diversified Portfolio held securities whose S&P credit ratings were 25.9 percent AAA, 3.6 percent not rated (representing all Certificates of Deposit from Iowa financial institutions), and 70.5 percent NA. Securities which carry an NA rating are government securities which are deemed to carry the equivalent of A1+/P1 ratings by the IPAIT Board of Trustees.

Management attempts to limit IPAIT's exposure to interest rate risk and believes this is addressed by the fact that securities are limited under Rule 2a-7 as well as by investment policy and statute to investments of high quality with durations not to exceed 397 days. Hence it is not expected that any significant change in market interest rates would present long term risk to IPAIT.

UNIT ISSUES, REDEMPTIONS AND DISTRIBUTIONS

IPAIT determines the net asset value of the Diversified Portfolio daily. Units are issued and redeemed daily at the daily net asset value. Dividends from net investment income are declared daily and distributed monthly.

INCOME TAXES

IPAIT is exempt from both state and federal income taxes pursuant to Section 115 of the Internal Revenue Code.

FEES AND EXPENSES

Under separate agreements with IPAIT, WB Capital, and Wells Fargo are paid an annual fee for operating the investment program.

WB Capital receives 0.190 percent of the average daily net asset value up to \$150 million, 0.160 percent from \$150 to \$250 million and 0.130 percent exceeding \$250 million for investment adviser and administrative fees. In addition, WB Capital receives 0.060 percent of the average daily net asset value for program support fees. For the years ended June 30, 2008 and 2007, the Diversified Portfolio paid \$670,609 and \$666,152, respectively, to WB Capital for services provided.

Wells Fargo receives 0.030 percent of the average daily net asset value of the portfolio. For the years ended June 30, 2008 and 2007, the Diversified Portfolio paid \$87,129 and \$95,391, respectively, to Wells Fargo for services provided.

Under a distribution plan the public agency associations collectively receive an annual fee of 0.075 percent of the average daily net asset value. For the years ended June 30, 2008 and 2007, the Diversified Portfolio paid \$119,577 and \$111,849 to the Iowa League of Cities, \$66,039 and \$72,058 to the Iowa State Association of Counties, and \$32,207 and \$30,208 to the Iowa Association of Municipal Utilities, respectively.

IPAIT is responsible for other fees and expenses incurred directly by IPAIT. The other fees and expenses accrual is 0.025 percent of the average daily net asset value, and amounted to \$72,608 and \$61,462 for the years ended June 30, 2008 and 2007, respectively. All fees are computed daily and paid monthly.

(2) SECURITIES TRANSACTIONS

Purchases of portfolio securities for the Diversified Portfolio aggregated \$49,636,948,888 and \$41,708,651,027 for the years ended June 30, 2008 and 2007, respectively. Proceeds from maturities of securities for the Diversified Portfolio aggregated \$49,522,890,909 and \$41,679,257,000 for the years ended June 30, 2008 and 2007, respectively.



Iowa Public Agency Investment Trust - Diversified

Selected Data for Each Unit of Portfolio Outstanding Through Each Year Ended June 30

	2008	2007	2006	2005	2004
Net Asset Value, Beginning of Period	\$1.000	\$1.000	\$1.000	\$1.000	\$1.000
Net Investment Income	0.036	0.048	0.037	0.017	0.006
Dividends Distributed	(0.036)	(0.048)	(0.037)	(0.017)	(0.006)
Net Asset Value, End of Period	\$1.000	\$1.000	\$1.000	\$1.000	\$1.000
Total Return*	3.66%	4.95%	3.76%	1.70%	0.60%
Ratio of Expenses to Average Net Assets**	0.36%	0.42%	0.49%	0.48%	0.48%
Ratio of Net Investment Income to Average Net Assets	3.46%	4.84%	3.70%	1.71%	0.59%
Net Assets, End of Period (000 Omitted)	\$355,391	\$240,334	\$203,482	\$229,668	\$254,818

* Total return is calculated by taking the ending value of an initial \$1,000 investment including monthly reinvested dividends, minus the initial investment, divided by the initial \$1,000 investment.

** A portion of Other Fees and Expenses was reduced beginning September 1, 2004 through June 30, 2005.



KPMG LLP
2500 Ruan Center
666 Grand Avenue
Des Moines, IA 50309

Report of Independent Registered Public Accounting Firm

The Board of Trustees and Unitholders
Iowa Public Agency Investment Trust:

We have audited the accompanying statement of net assets, including the schedule of investments, of the Direct Government Obligation Portfolio of the Iowa Public Agency Investment Trust (the Trust) as of June 30, 2008, and the related statements of operations and changes in net assets for each of the years in the two-year period then ended, and financial highlights for each of the five years in the period then ended. These financial statements and the financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and the financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of June 30, 2008, by correspondence with the custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Direct Government Obligation Portfolio of the Iowa Public Agency Investment Trust as of June 30, 2008, and the results of its operations and its changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 14, 2008 on our consideration of the Trust's internal control over financial reporting and its compliance with certain provisions of laws, regulations, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Our audit was performed for the purpose of forming an opinion on the Trust's financial statements. The introductory section, other supplementary information, investment section and statistical section are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied by us in the audits of the financial statements and, accordingly, we express no opinion on them.

The management's discussion and analysis on pages 28 to 30 is not a required part of the financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the management discussion and analysis information. However, we did not audit the information and express no opinion on it.

KPMG LLP

Des Moines, Iowa
August 14, 2008



Management's Discussion and Analysis

This section of the IPAIT DGO Portfolio's annual Financial Report presents management's discussion and analysis of the financial position and results of operations for the fiscal years ended June 30, 2008 (FY 08) and 2007 (FY 07). This information is being presented to provide additional information regarding the activities of IPAIT, pursuant to the requirements of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, and Statement No. 38, Certain Financial Statement Note Disclosures (Statements Nos. 34, 37, and 38). This discussion and analysis should be read in conjunction with the Report of Independent Registered Public Accounting Firm, KPMG LLP, the Financial Statements, and the accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis provides an introduction to and overview of the basic financial statements of IPAIT's DGO Portfolio. The following components comprise the financial statements: 1) Schedule of Investments, 2) Statement of Net Assets, 3) Statements of Operations, 4) Statements of Changes in Net Assets, and 5) Notes to Financial Statements.

- The Schedule of Investments lists each security held by the portfolio as of the date of current fiscal year end.
- The Statement of Net Assets shows the financial position (assets and liabilities) of the portfolio as of the date of the current fiscal year end.
- The Statements of Operations display the results of operations (income and expenses) of the portfolio for the two most recent fiscal years.
- The Statements of Changes in Net Assets display the results of additions (net investment income, unit sales, and reinvestments) and deductions (dividends and unit redemptions) of the portfolio for the two most recent fiscal years.
- The Notes to Financial Statements describe significant accounting policies and disclose summary security transaction amounts of the portfolio and other information required by U.S. generally accepted accounting principles.

CONDENSED FINANCIAL INFORMATION AND FINANCIAL ANALYSIS

Year-over-year changes in most financial statement amounts reported in IPAIT's DGO Portfolio are most significantly impacted by the level of average net assets (which fluctuates based on the overall levels of participant/unitholder invested balances). Additionally, changes in the short-term interest rate environment (which follows the general trend established by monetary policy set by the Federal Reserve) contribute to year-over-year variances in the amount of investment income earned by the portfolio. Over the last twelve months, the Federal Reserve's Federal Open Market Committee lowered the Fed Funds target rate seven times from 5.25 percent to 2.00 percent. In the preceeding twelve months, the Fed Funds target rate of 5.25 percent did not change.



Management's Discussion and Analysis (cont.)

Condensed financial information and variance explanations for FY 08 as compared to FY 07 follows.

Net Assets	June 30, 2008	Percent Change	June 30, 2007
Total Investments	\$ 23,456,070	55%	\$ 15,104,438
Excess of other assets over total liabilities	34,248	4%	32,932
Net assets held in trust for pool participants	<u>23,490,318</u>	55%	<u>15,137,370</u>
Average Net Assets	<u>\$ 20,414,478</u>	-4%	<u>\$ 21,162,647</u>

Total investments and net assets increased 55 percent and 55 percent, respectively, comparing June 30, 2008 and June 30, 2007 amounts. During FY 08, average net assets decreased 4 percent to \$20,414,478 from average net assets of \$21,162,647 during FY 07. The DGO portfolio experienced a net increase of assets at the end of FY 08 due to one of the two Fund participant's transferring assets from other IPAIT portfolio options into the DGO portfolio.

Change in Net Asset for the years ended	June 30, 2008	Percent Change	June 30, 2007
Investment Income	\$ 714,752	-34%	\$ 1,087,816
Total Expenses	(77,575)	-17%	(93,621)
Dividends to unitholders from net investment income	(637,177)	-36%	(994,195)
Net increase (decrease) in assets derived from unit transactions	8,352,948	561%	(1,811,785)
Net assets at beginning of year	<u>15,137,370</u>	-11%	<u>16,949,155</u>
Net assets at end of year	<u>\$ 23,490,318</u>	55%	<u>\$ 15,137,370</u>

Investment income decreased 34 percent during FY 08 compared to FY 07 due to the lower interest rate environment. Dividends to unitholders from net investment income decreased 36 percent during FY 08 compared to FY 07. Total expenses are derived based on net assets held by the Fund. These expenses decreased 17 percent during FY 08 compared to FY 07 for two reasons, (1) lower average net assets for FY 08, and (2) due to the service provider fee decrease effective January 2, 2007, the fees charged to the Fund were lower for the entire 12 months of the fiscal year rather than just six months of the previous year. During FY 08 compared to FY 07, units sold and redeemed increased 51 percent and 13 percent, respectively.



Management's Discussion and Analysis (cont.)

Condensed financial information and variance explanations for FY 07 as compared to FY 06 follows.

Net Assets	June 30, 2007	Percent Change	June 30, 2006
Total Investments	\$ 15,104,438	-14%	\$ 17,646,380
Excess of other assets over total liabilities	32,932	105%	(697,225)
Net assets held in trust for pool participants	<u>15,137,370</u>	-11%	<u>16,949,155</u>
Average Net Assets	<u>\$ 21,162,647</u>	34%	<u>\$ 15,834,629</u>

Total investments and net assets decreased 14 percent and 11 percent, respectively, comparing June 30, 2007 and June 30, 2006 amounts. During FY 07, average net assets increased 34 percent to \$21,162,647 from average net assets of \$15,834,629 during FY 06. The significant decrease in excess of total liabilities over other assets was due to a liability for securities purchased on June 30, 2006 and settled on July 3, 2006 in the amount of \$701,296. The DGO portfolio experienced a net redemption of assets in FY 07 due to the transfer of assets to the Diversified portfolio.

Change in Net Asset for the years ended	June 30, 2007	Percent Change	June 30, 2006
Investment Income	\$ 1,087,816	68%	\$ 647,800
Total Expenses	(93,621)	16%	(80,459)
Dividends to unitholders from net investment income	(994,195)	75%	(567,341)
Net increase (decrease) in assets derived from unit transactions	(1,811,785)	-184%	2,153,472
Net assets at beginning of year	<u>16,949,155</u>	15%	<u>14,795,683</u>
Net assets at end of year	<u>\$ 15,137,370</u>	-11%	<u>\$ 16,949,155</u>

Investment income increased 68 percent during FY 07 compared to FY 06 due to the higher interest rate environment for the entire 12-month period and higher average net assets. Dividends to unitholders from net investment income increased 75 percent during FY 07 compared to FY 06. Total expenses are derived based on net assets held by the Fund. These expenses increased 16 percent during FY 07 compared to FY 06 due to higher average net assets for FY 07. Fees were reduced effective January 2, 2007. During FY 07 compared to FY 06, units sold and redeemed decreased 24 percent and 12 percent, respectively.

CONTACTING THE PORTFOLIO'S FINANCIAL MANAGEMENT

This financial report is designed to provide IPAIT participants and prospective investors with a general overview of the Fund's finances and to demonstrate the Fund's accountability for the resources it receives and manages. If you have questions about the report or need additional financial information, contact IPAIT at 800-872-4024 or visit the website at IPAIT.org.



Iowa Public Agency Investment Trust - Direct Government Obligation Portfolio

Schedule of Investments - June 30, 2008

(Showing Percentage of Total Invest-

Par Value	Description	Yield at Time of Purchase	Due Date	Amortized Cost
DISCOUNTED GOVERNMENT SECURITIES -- 1.69%				
\$ 400,000	United States Treasury Bill	2.15%	12/11/08	\$ 396,195
	TOTAL (cost -- \$396,195)			
COUPON SECURITIES -- 29.30%				
\$ 500,000	United States Treasury Note, 5.00%	4.06%	07/31/08	\$ 500,372
1,000,000	United States Treasury Note, 4.88%	4.14%	08/31/08	1,001,176
200,000	United States Treasury Note, 4.63%	3.30%	09/30/08	200,643
300,000	United States Treasury Note, 4.88%	2.12%	10/31/08	302,706
200,000	United States Treasury Note, 4.38%	3.49%	11/15/08	200,641
500,000	United States Treasury Note, 4.38%	3.22%	11/15/08	502,107
500,000	United States Treasury Note, 3.38%	3.08%	12/15/08	500,660
500,000	United States Treasury Note, 4.88%	2.89%	01/31/09	505,686
400,000	United States Treasury Note, 4.50%	1.79%	02/15/09	406,682
300,000	United States Treasury Note, 4.50%	1.90%	02/15/09	304,817
300,000	United States Treasury Note, 2.63%	1.97%	03/15/09	301,363
300,000	United States Treasury Note, 4.50%	1.77%	03/31/09	306,049
300,000	United States Treasury Note, 4.50%	2.02%	03/31/09	305,496
300,000	United States Treasury Note, 4.50%	1.90%	04/30/09	306,375
600,000	United States Treasury Note, 4.50%	2.07%	04/30/09	611,940
300,000	United States Treasury Note, 4.88%	2.14%	05/31/09	307,787
300,000	United States Treasury Note, 4.88%	1.99%	05/31/09	307,375
	TOTAL (cost -- \$6,871,875)			\$ 6,871,875
REPURCHASE AGREEMENTS (collateralized by U.S. Govt. Securities) -- 69.01%				
\$ 7,188,000	Banc of America Securities LLC	1.46%	07/01/08	\$ 7,188,000
9,000,000	Barclays Capital, Inc.	1.70%	07/01/08	9,000,000
	TOTAL (cost -- \$16,188,000)			\$ 16,188,000
TOTAL INVESTMENTS -- 100% (cost -- \$23,456,070)				\$ 23,456,070



Iowa Public Agency Investment Trust - Direct Government Obligation Portfolio Statement of Net Assets - June 30, 2008

ASSETS

Investments in securities at amortized cost:	
Discounted Government Securities	\$ 396,195
Coupon Securities	6,871,875
Repurchase Agreements	16,188,000
Cash	634
Interest Receivable	77,321
Total Assets	<u>23,534,025</u>

LIABILITIES

Investment advisory, administrative, and program support fees payable	4,776
Custody fees payable	573
Distribution fees payable	1,432
Other fees and expenses payable	477
Dividends payable	36,449
Total Liabilities	<u>43,707</u>

NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS	<u><u>\$ 23,490,318</u></u>
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Units of beneficial interest outstanding	<u><u>23,490,318</u></u>
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Net asset value - offering and redemption price per share	<u><u>\$ 1.00</u></u>
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Iowa Public Agency Investment Trust - Direct Government Obligation Portfolio

Statements of Operations For the Years Ended June 30,

	<u>2008</u>	<u>2007</u>
INVESTMENT INCOME:		
Interest	\$ 714,752	\$ 1,087,816
EXPENSES:		
Investment advisory, administrative, and program support fees	51,036	61,357
Custody Fees	6,124	8,461
Distribution fees	15,311	18,513
Other fees and expenses	5,104	5,290
TOTAL EXPENSES	<u>77,575</u>	<u>93,621</u>
NET INVESTMENT INCOME	<u>\$ 637,177</u>	<u>\$ 994,195</u>

Statements of Changes in Net Assets For the Years Ended June 30,

	<u>2008</u>	<u>2007</u>
ADDITIONS:		
From Investment Activities:		
Net Investment income	\$ 637,177	\$ 994,195
From Unit Transactions:		
(at constant net asset value of \$1 per unit)		
Units sold	42,689,031	28,226,682
Units issued in reinvestment of dividends from net investment income	661,828	994,655
TOTAL ADDITIONS	<u>43,988,036</u>	<u>30,215,532</u>
DEDUCTIONS:		
Dividends to unitholders from:		
Net investment income	(637,177)	(994,195)
From Unit Transactions:		
Units redeemed	(34,997,911)	(31,033,122)
TOTAL DEDUCTIONS	<u>(35,635,088)</u>	<u>(32,027,317)</u>
Net increase/(decrease) in net assets	8,352,948	(1,811,785)
Net assets held in trust for pool participants at beginning of period	<u>15,137,370</u>	<u>16,949,155</u>
Net assets held in trust for pool participants at end of period	<u>\$ 23,490,318</u>	<u>\$ 15,137,370</u>



(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Iowa Public Agency Investment Trust (IPAIT) is a common law trust established under Iowa law pursuant to Chapter 28E and Sections 331.555 and 384.21, Iowa Code (1987), as amended, which authorizes Iowa public agencies to jointly invest monies pursuant to a joint investment agreement. IPAIT is registered under the Investment Company Act of 1940 as required by Iowa Statute and files reports with the Securities and Exchange Commission under Regulation S-X. IPAIT was established by the adoption of a Joint Powers Agreement and Declaration of Trust as of October 1, 1987, and commenced operations on November 13, 1987. The Joint Powers Agreement and Declaration of Trust was amended September 1, 1988, May 1, 1993, and again on September 1, 2005. As amended, IPAIT is authorized to operate and now operates investment programs, one of which is the Direct Government Obligation Portfolio. The accompanying financial statements include activities of the Direct Government Obligation Portfolio. The objective of the portfolio is to maintain a high degree of liquidity and safety of principal through investment in short-term securities as permitted for Iowa public agencies under Iowa law. Wells Fargo Bank, N.A. (Wells Fargo), serves as the Custodian, and WB Capital Management Inc. (WB Capital) serves as the Investment Adviser, Administrator, and Program Support Provider.

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net investment income during the year. Actual results could differ from those estimates.

In reporting financial activity, IPAIT applies applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as all Financial Accounting Standards Board and predecessor statements and interpretations not in conflict with GASB pronouncements.

IPAIT is exposed to various risks in connection with operation of the Direct Government Obligation Portfolio and adheres to policies which attempt to mitigate market risk in the portfolio and maintains insurance coverage for fidelity and errors and omissions exposures. IPAIT has had no claims or settlements under its insurance coverage since its organization in 1987.

INVESTMENTS IN SECURITIES

The Direct Government Obligation Portfolio consists of cash and short-term investments valued at amortized cost, which approximates fair value, pursuant to Rule 2a-7 under the Investment Company Act of 1940. This involves valuing a portfolio security at its original cost on the date of purchase, and thereafter amortizing any premium or discount on a straight-line basis to maturity. The amount of premium or discount amortized to income under the straight-line method does not differ materially from the amount which would be amortized to income under the interest method due to the short-term nature of investments held. Procedures are followed to maintain a constant net asset value of \$1.00 per unit for the portfolio.

Security transactions are accounted for on the trade date. Interest income, including the accretion of discount and amortization of premium, is recorded daily on the accrual basis.

IPAIT is authorized by investment policy and statute to invest public funds in obligations of the U.S. government, its agencies and instrumentalities; and repurchase agreements, provided that the underlying collateral consists of obligations of the U.S. government, its agencies and instrumentalities and that IPAIT's custodian takes delivery of the collateral either directly or through an authorized custodian.

In connection with transactions in repurchase agreements, it is IPAIT's policy that its custodian take possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest at all times. If the seller defaults and the value of the collateral declines, realization of the collateral by IPAIT may be delayed or limited. At June 30, 2008, the securities purchased under overnight agreements to resell were collateralized by government agency securities with a value of \$16,728,021.

Under Governmental Accounting Standards as to custodial credit risk, IPAIT's investments in securities in the Direct Government Obligation Portfolio held securities whose S&P credit ratings were 29.3 percent AAA and 70.7 percent NA. Securities which carry an NA rating are government securities which are deemed to carry the equivalent of A1+/P1 ratings by the IPAIT Board of Trustees.

Management attempts to limit IPAIT's exposure to interest rate risk and believes this is addressed by the fact that securities are limited under Rule 2a-7 as well as by investment policy and statute to investments of high quality with durations not to exceed 397 days. Hence it is not expected that any significant change in market interest rates would present long term risk to IPAIT.



UNIT ISSUES, REDEMPTIONS AND DISTRIBUTIONS

IPAIT determines the net asset value of the DGO Portfolio daily. Units are issued and redeemed daily at the daily net asset value. Dividends from net investment income are declared daily and distributed monthly.

INCOME TAXES

IPAIT is exempt from both state and federal income taxes pursuant to Section 115 of the Internal Revenue Code.

FEES AND EXPENSES

Under separate agreements with IPAIT, WB Capital, and Wells Fargo are paid an annual fee for operating the investment programs.

WB Capital receives 0.190 percent of the average daily net asset value up to \$150 million, 0.160 percent from \$150 to \$250 million and 0.130 percent exceeding \$250 million for investment adviser and administrative fees. In addition, WB Capital receives 0.060 percent of the average daily net asset value for program support fees. For the years ended June 30, 2008 and 2007, the DGO Portfolio paid \$51,036 and \$61,357, respectively, to WB Capital for services provided.

Wells Fargo receives 0.030 percent of the average daily net asset value of the portfolio. For the years ended June 30, 2008 and 2007, the DGO Portfolio paid \$6,124 and \$8,461, respectively, to Wells Fargo for services provided.

Under a distribution plan the public agency associations collectively receive an annual fee of 0.075 percent of the average daily net asset value. For the years ended June 30, 2008 and 2007, the DGO Portfolio paid \$15,311 and \$18,513 to the Iowa League of Cities, respectively.

IPAIT is responsible for other fees and expenses incurred directly by IPAIT. The other fees and expenses accrual is 0.025 percent of the average daily net asset value, and amounted to \$5,104 and \$5,290 for the years ended June 30, 2008 and 2007, respectively. All fees are computed daily and paid monthly.

(2) SECURITIES TRANSACTIONS

Purchases of portfolio securities for the DGO Portfolio aggregated \$3,681,449,954 and \$3,565,434,386 for the years ended June 30, 2008 and 2007, respectively. Proceeds from maturities of securities for the DGO Portfolio aggregated \$3,672,377,000 and \$3,568,074,000 for the years ended June 30, 2008 and 2007, respectively.

(3) PARTICIPANT CONCENTRATION

As of June 30, 2008, two participants hold all outstanding units of the DGO Portfolio. The withdrawal of one or both of these participants could have a material impact on the amount reported and on the continued activity of the fund. Management is not aware of any such plans.



Iowa Public Agency Investment Trust - Direct Government Obligation Portfolio

Selected Data for Each Unit of Portfolio Outstanding Through Each Year Ended June 30

	2008	2007	2006	2005	2004
Net Asset Value, Beginning of Period	\$1.000	\$1.000	\$1.000	\$1.000	\$1.000
Net Investment Income	0.032	0.047	0.035	0.015	0.005
Dividends Distributed	(0.032)	(0.047)	(0.035)	(0.015)	(0.005)
Net Asset Value, End of Period	\$1.000	\$1.000	\$1.000	\$1.000	\$1.000
Total Return*	3.24%	4.79%	3.58%	1.54%	0.53%
Ratio of Expenses to Average Net Assets**	0.38%	0.44%	0.51%	0.50%	0.51%
Ratio of Net Investment Income to Average Net Assets	3.12%	4.70%	3.58%	1.39%	0.53%
Net Assets, End of Period (000 Omitted)	\$23,490	\$15,137	\$16,949	\$14,796	\$37,532

* Total return is calculated by taking the ending value of an initial \$1,000 investment including monthly reinvested dividends, minus the initial investment, divided by the initial \$1,000 investment.

** A portion of Other Fees and Expenses was reduced beginning September 1, 2004 through June 30, 2005.

INVESTMENT SECTION





DIVERSIFIED FUND FACTS

as of June 30, 2008

Investment Strategy/Goals: To provide a safe, liquid, effective investment alternative for the operating funds, reserve funds, and bond proceeds for Iowa's municipalities, counties, municipal utilities and other eligible public agencies by jointly investing participant funds in a professionally managed portfolio of short-term, high-quality, legally authorized, marketable securities.

Date of Inception: November 13, 1987

Total Net Assets: \$355 million

Benchmarks: iMoneyNet U.S. Government & Agencies Money Fund ReportTM, Iowa Code Chapter 74A 32-89 day Public Fund Rates, and Iowa Code Chapter 74A 90-179 day Public Fund Rates.

Performance Objective: To provide the highest level of current income from investment in a portfolio of U.S. government and agency securities, certificates of deposit in Iowa financial institutions, and other authorized securities collateralized by U.S. government and agency securities as is consistent with, in order of priority, preservation of principal and provision of necessary liquidity.

Investment Adviser: WB Capital Management Inc.

Management Fees:

Sliding scale from nine basis points (0.09%) to five and one-half basis points (0.055%)

Total Expense Ratio:

Sliding scale from thirty-eight basis points (0.38%) to thirty-two basis points (0.32%)

DGO FUND FACTS

as of June 30, 2008

Investment Strategy/Goals: To provide a safe, liquid, effective investment alternative for the operating funds, reserve funds, and bond proceeds for Iowa's municipalities, counties, municipal utilities and other eligible public agencies that are limited to investments in only direct obligations of the U.S. government by jointly investing participant funds into a professionally managed portfolio of short-term, high quality, legally authorized, marketable securities.

Date of Inception: September 1, 1988

Total Net Assets: \$23 million

Benchmarks: iMoneyNet U.S. Treasury & Repo Money Fund ReportTM, Iowa Code Chapter 74A 32-89 day Public Fund Rates, and Iowa Code Chapter 74A 90-179 day Public Fund Rates.

Performance Objective: To provide the highest level of income from investment in a portfolio of U.S. government securities as is consistent with, in order of priority, preservation of principal and provision of necessary liquidity.

Investment Adviser: WB Capital Management Inc.

Management Fees:

Sliding scale from nine basis points (0.09%) to five and one-half basis points (0.055%)

Total Expense Ratio:

Sliding scale from thirty-eight basis points (0.38%) to thirty-two basis points (0.32%)



Diversified Fund and Direct Government Obligation Fund

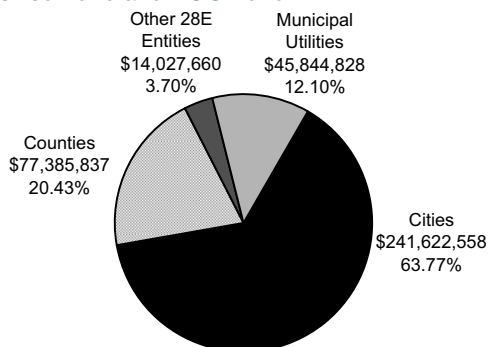
INTRODUCTION

The Diversified Fund and the DGO Fund are each short-term investment pools of high-quality money market instruments. Each pool has been registered since May of 1993 with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940. Each is operated in accordance with 17 C.F.R. Section 270.2a-7 (Rule 2a-7). Each pool complied voluntarily with all Rule 2a-7 money market fund operating guidelines from inception.

The Diversified Fund is made up of a professionally managed portfolio of U.S. government and federal agency securities, certificates of deposit issued by Iowa financial institutions, and perfected repurchase agreements, the latter collateralized by U.S. government and federal agency securities. The Diversified Fund is typically used for the investment of all public funds subject to the Iowa public funds statutory provisions invested by a participant unless other participant-specific investment restrictions exist.

Ownership Analysis as of June 30, 2008

IPAIT Diversified Fund and DGO Fund

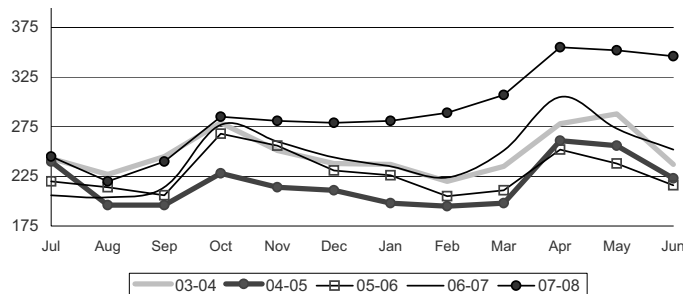


The DGO Fund is identical in every respect to the Diversified Fund except that it is invested exclusively in direct U.S. government obligations and repurchase agreements collateralized by direct U.S. government obligations. The DGO Fund is typically used to invest those public funds of a participant that are subject to more stringent investment restrictions than those provided by Iowa public fund statutes, for example bond proceeds whose investment alternatives may be limited to the types of securities found in the DGO Fund.

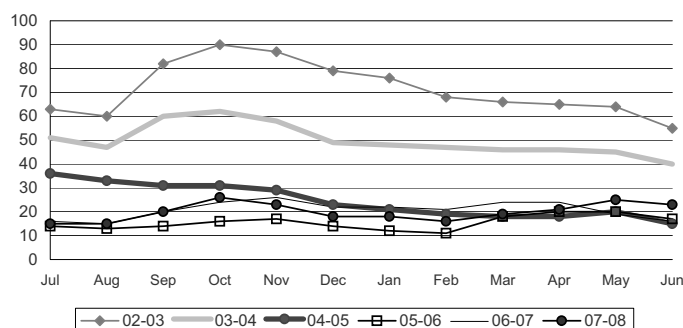
The investment objective of both the Diversified Fund and the DGO Fund is to provide as high a level of current income as is consistent with preservation of invested principal and provision of adequate liquidity to meet participants' daily cash flow needs. As a general policy, all purchased securities will be held until they mature. However, in an effort to increase yields, IPAIT may sell securities and realize capital gains when there are perceived disparities between maturities for various categories of authorized investments. During FY 08, there were no such security sales. Summaries of all security trades for each Fund are provided quarterly to the IPAIT Board of Trustees for review.

Historical Portfolio Cash Flow (expressed in millions)

IPAIT Diversified Fund



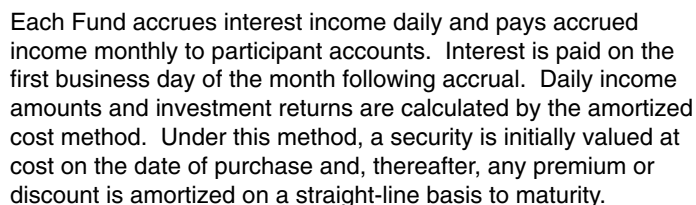
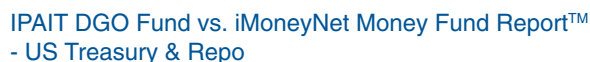
IPAIT DGO Fund



Both portfolios have been managed by WB Capital Management Inc., IPAIT's Des Moines, Iowa-based investment adviser, since inception. Aggregate cash flows for each Fund are monitored daily and compared to respective Fund cash flow patterns of previous periods. Fund cash flow patterns throughout the fiscal period, as compared to previous years, have traditionally been repetitive. Twenty years of operating history create a very helpful tool to gauge necessary pool liquidity needs. The Diversified Fund actively monitors rates offered by Iowa financial institutions for public fund certificates of deposit. Institutions experiencing strong loan demand typically offer rates that are at or above those available for marketable securities, presenting a helpful portfolio investment alternative. To assure adequate liquidity for anticipated and unanticipated participant withdrawals, IPAIT continually monitors the weighted average maturity (WAM) of both the Diversified Fund and the DGO Fund. Each Fund's WAM is similarly compared to the iMoneyNet Money Fund Report average for registered money market funds. Presented next is the WAM for each Fund as compared to the iMoneyNet Money Fund Report average for all similar registered money market funds for the fiscal period.



IPAIT Diversified Fund vs. iMoneyNet Money Fund Report™
- US Government & Agency



The IPAIT Adviser values each Fund's portfolio weekly at current market value, based upon actual market quotations. Each Fund's current market valuation is compared to that Fund's current amortized cost basis. In accordance with the established operating parameters of Rule 2a-7 and IPAIT's internal controls and procedures, any deviation in net asset value based upon available market quotations from each Fund's \$1.00 amortized cost per unit is carefully monitored. Deviations may never exceed 0.5 percent. Illustrated next are the amortized cost versus market value per unit comparisons for the past three fiscal years for each Fund.

The Diversified Fund's investment performance is regularly compared to three established benchmarks, the iMoneyNet Money Fund Report average rate for all registered Rule 2a-7 money market funds investing in U.S. government and federal agency securities and the Iowa Code Chapter 74A rate for 32-89, and 90-179 day certificates of deposit issued by Iowa financial institutions for public funds in the state.

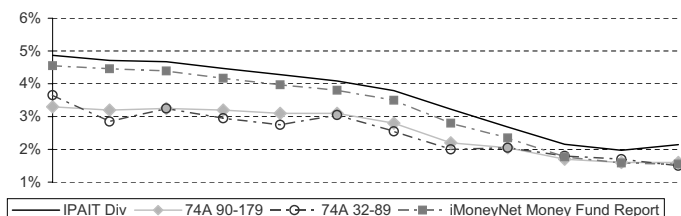
The DGO Fund is similarly compared to the iMoneyNet Money Fund Report average rate for all Rule 2a-7 money market funds that invest in only direct obligations of the U.S. government as well as the Iowa Code Chapter 74A rates for 32-89 and 90-179 day certificates of deposit.

The Iowa Code Chapter 74A rates are distributed monthly by the state Treasurer's office for various investment periods and are intended to be the minimum rates at which Iowa financial institutions can accept public funds for timed deposits. While a public body must commit funds for minimum periods of time to access Chapter 74A rates, IPAIT's Diversified Fund and the DGO Fund may offer rates at or above the Chapter 74A benchmarks with complete daily liquidity.

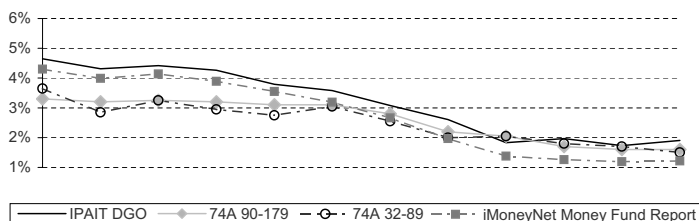


Diversified Fund and Direct Government Obligation Fund (cont.)

IPAIT Diversified Fund vs. Iowa Chapter 74A (90-179 & 32-89 Day) & iMoneyNet Money Fund Report™ US Government & Agency July 2007 - June 2008



IPAIT DGO Fund vs. Iowa Chapter 74A (90-179 & 32-89 Day) & iMoneyNet Money Fund Report™ US Treasury & Repo July 2007 - June 2008



RISK PROFILE

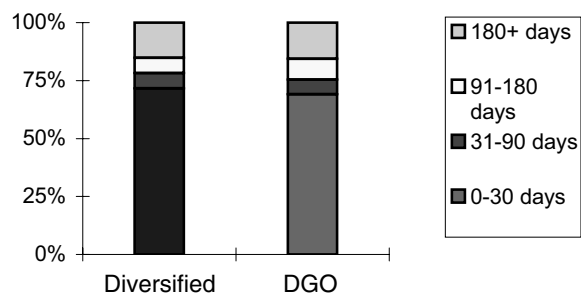
Both the Diversified Fund and the DGO Fund are low in risk profile. Both Funds limit portfolio investments to:

1. No single portfolio investment may exceed the 397 days to maturity as outlined in Rule 2a-7.
2. The weighted average maturity of the portfolio may never exceed 90 days.

In addition to the above investment maturity restrictions common to both Funds, the Diversified Fund limits itself to U.S. government and federal agency securities, perfected repurchase agreements collateralized by U.S. government and federal agency securities, and Iowa financial institution certificates of deposit. The DGO Fund further limits itself to only direct obligations of the U.S. government and perfected repurchase agreements collateralized by direct obligations of the U.S. government. This combination of those average maturities and extremely high-quality credit instruments provides eligible Iowa public fund investors with a safe, effective investment alternative.

Maturity Analysis as of June 30, 2008

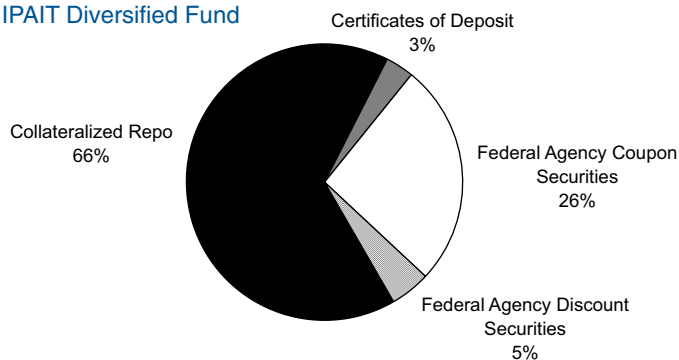
IPAIT Diversified Fund and DGO Fund



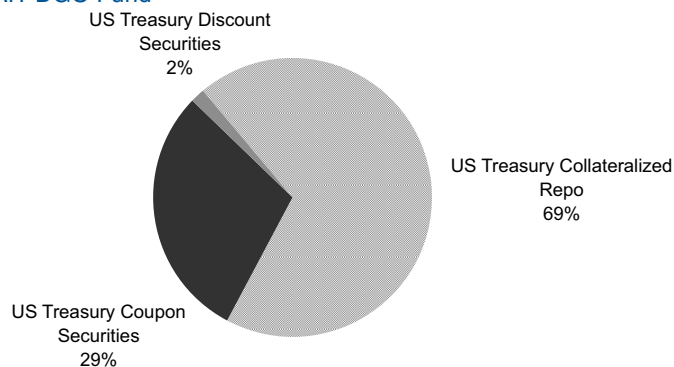
As noted previously, both the Diversified Fund and the DGO Fund carefully limit themselves to high credit-quality securities. In addition, IPAIT monitors a broad array of economic indicators as well as activities of the Federal Reserve Board to be able to position each Fund's WAM to take advantage of projected interest rate environments.

Distribution by Security Type as of June 30, 2008

IPAIT Diversified Fund



IPAIT DGO Fund





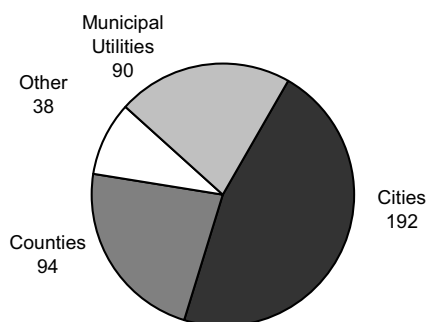
Diversified Fund and Direct Government Obligation Fund (cont.)

It is important to note that portfolio liquidity needs for the IPAIT must control evaluation of alternative portfolio management opportunities at all times. For example, if historical cash flow analysis indicates that participants will need to withdraw funds, material extension of either Fund's portfolio is not a viable alternative.

Participation membership by affiliation concentration for both the Diversified and DGO Portfolios are illustrated in the following graph.

Participant Membership

IPAIT Diversified Fund and DGO Fund



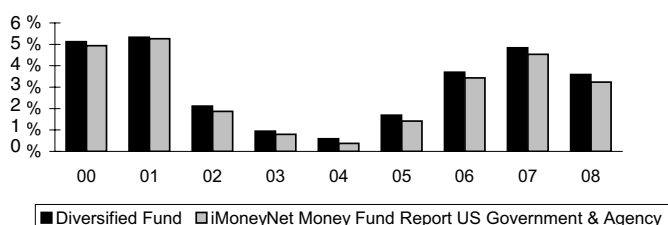
PERFORMANCE SUMMARY

For the one-year period ended June 30, 2008 the Diversified Fund and DGO Fund reported a ratio of net investment income to average net assets of 3.46 percent and 3.12 percent, respectively, net of all operating expenses. These figures exceeded the iMoneyNet Money Fund Report averages for each Fund, which returned 3.24 percent and 2.73 percent respectively for the fiscal period.

Although both the Diversified Fund and the DGO Fund are liquidity pools, their performance over time has consistently exceeded the iMoneyNet Money Fund Report as illustrated below.

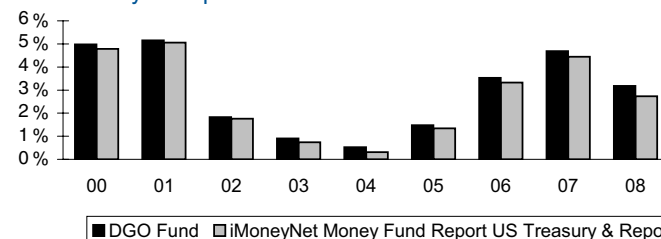
Annual Total Returns

IPAIT Diversified Fund vs. iMoneyNet Fund Report™ US Government & Agency



Annual Total Returns

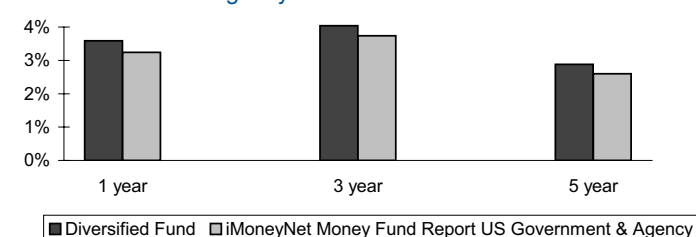
IPAIT DGO Fund vs. iMoneyNet Fund Report™ US Treasury & Repo



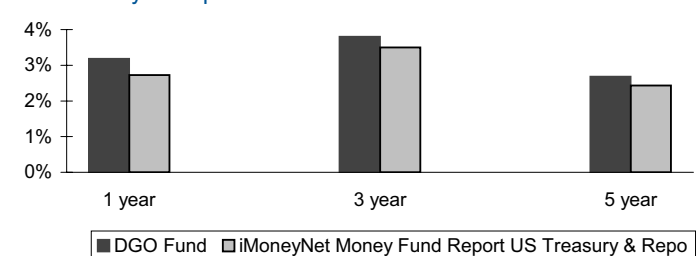
Also illustrated below are the historical returns for both the Diversified Fund and the DGO Fund for the most recent one, three, and five year periods.

Annualized Total Returns

IPAIT Diversified Fund vs. iMoneyNet Money Fund Report™ US Government & Agency



IPAIT DGO Fund vs. iMoneyNet Money Fund Report™ US Treasury & Repo





Diversified Fund and Direct Government Obligation Fund (cont.)

FUND EXPENSES

It is important for you to understand the impact of costs on your investment. All mutual funds have operating expenses. As a shareholder of the fund, you incur ongoing costs, including management fees, distribution and service fees, and other fund expenses. Expenses, which are deducted from a fund's investment income, directly reduce the investment return of the fund.

A fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in your fund and compare these costs with those of other mutual funds. The examples are based on an investment of \$1,000 made at the beginning of the period and held for the entire period from January 1, 2008 to June 30, 2008. The table illustrates your fund's costs in two ways:

1. Based on actual fund return. This section helps you to estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the fund's actual return, and the third column shows the dollar amount that would have been paid by an investor who started with \$1,000 in the fund. You may use the information here, together with the amount you invested, to estimate the expenses that you paid over the period.

2. Based on hypothetical 5 percent return. This section is intended to help you compare your fund's costs with those of other mutual funds. It assumes that the fund had a return of 5 percent before expenses during the period shown, but that the expense ratio is unchanged. In this case, because the return used is not the fund's actual return, the results do not apply to your investment. The example is useful in making comparisons because the Securities and Exchange Commission requires all mutual funds to calculate expenses based on a 5 percent return. You can assess your fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Your fund does not carry a "sales load" or transaction fee. The calculations assume no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and timing of any purchases or redemptions.

You can find more information about the fund's expenses, including annual expense ratios for the past five years, in the Financial Highlights section of this report. For additional information on operating expenses and other shareholder costs, please refer to the appropriate fund Information Statement.

Example	Account Value 1/1/2008	Account Value 6/30/2008	During Period* 1/1/08 to 6/30/08	Expense Ratio*
Based on Actual Fund Return				
IPAIT Diversified Fund	\$1,000.00	\$1,013.34	\$1.80	0.36%
IPAIT DGO Fund	\$1,000.00	\$1,010.94	\$1.90	0.38%
Based on Hypothetical 5 Percent Return				
IPAIT Diversified Fund	\$1,000.00	\$1,023.07	\$1.81	0.36%
IPAIT DGO Fund	\$1,000.00	\$1,022.97	\$1.91	0.38%

*Expenses are equal to the fund's annualized expense ratio listed in the table above, multiplied by the average account value over the period, multiplied by 182, the number of days in the most recent fiscal half-year, divided by 366, to reflect the one-half year period.



Diversified Fund and Direct Government Obligation Fund (cont.)

Fees and Expenses

All fees are calculated by basis points per net assets

Entity	Fee Type	Fee
WB Capital Management Inc.	Adviser	0.090% up to \$150MM; 0.070% on \$150 - \$250MM; 0.055% on assets exceeding \$250MM
WB Capital Management Inc.	Administrator	0.100% up to \$150MM; 0.090% on \$150 - \$250MM; 0.075% on assets exceeding \$250MM
WB Capital Management Inc.	Program Support	0.060%
Sponsoring Associations*	Sponsoring Associations	0.075%
Wells Fargo	Custody	0.030%
Administration Fund	Other fees & expenses	0.025%

*Includes Iowa League of Cities, Iowa State Association of Counties, Iowa Association of Municipal Utilities

This fiscal year's actual expense for the IPAIT Diversified Fund and DGO Fund were 0.36 percent and 0.38 percent of average net assets, respectively based on a sliding fee scale.

Actual:

For the fiscal year ended June 30, 2008, the following actual expenses were incurred by the Funds:

	<u>Diversified</u>	<u>DGO</u>
Adviser	\$ 226,632	\$ 18,373
Administrator	269,719	20,414
Program Support	174,258	12,249
Distribution	217,823	15,311
Custody	87,129	6,124
Other fees and expenses	72,608	5,104
Total	<u>\$ 1,048,169</u>	<u>\$ 77,575</u>



Diversified Fund and Direct Government Obligation Fund (cont.)

STATEMENT OF ADDITIONAL INFORMATION

The SAI has additional information about the Funds and is available without charge, upon request, by calling 800-872-4024.

SCHEDULE OF PORTFOLIO HOLDINGS

A complete schedule of portfolio holdings is filed with the SEC for the first and third quarters on Form N-Q. The portfolio holding for the second and fourth quarter are available in the semi-annual and annual reports. It is available at www.sec.gov, or by phone at 800-SEC-0330, or by mail at Public Reference Section / SEC / Washington / DC / 20549 (duplicating fee required) or upon request from IPAIT at 800-872-4024 or at IPAIT.org.

PROXY VOTING

The SEC requires an annual report of the proxy voting record of the Trust. Because the investments allowable under Iowa law restrict the investment for IPAIT to securities to which proxy voting does not apply, IPAIT does not have a proxy voting policy and will report no proxy votes on the Form N-PX. The law requires the filing of the Form N-PX, and this disclosure, even though the Form N-PX will contain no votes. Form N-PX is available at www.sec.gov, or by phone at 800-SEC-0330, or by mail at Public Reference Section SEC / Washington / DC / 20549 (duplicating fee required) or upon request from IPAIT at 800-872-4024.

PARTICIPANT MEETING RESULTS

On August 21, 2007, a participant meeting was held at the Wakonda Club in Des Moines, Iowa.

All proposals were approved by the participants of both funds.

Proposal 1 - The Election of Board of Trustees

Proposal 2 - Ratification of the Selection of KPMG LLP as IPAIT's auditors

IPAIT Diversified	Total Units 242,513,295	
	Proposal 1 Response 56% Total Units	Proposal 2 Response 57% Total Units
For votes	135,390,862	137,389,828
Against votes	310,019	310,019
Abstain votes	2,232,620	233,653
Not signed by Authorized User	6,776,399	6,776,399

IPAIT DGO	Total Units 13,476,799	
	Proposal 1 Response 100% Units	Proposal 2 Response 100% Units
For votes	13,460,073	13,460,073
Against votes	---	---
Abstain votes	---	---
Not signed by Authorized User	---	---



The U.S. economic and financial environments remain troubled. Volatility in the financial markets, which had moderated early in the second quarter, has been increasing of late as uncertainty surrounding the credit system has reignited. The market struggles with \$140 oil and the Fed has embarked on a steady rate policy as inflation has drifted higher.

It was just five years ago that many economists worried that we were in a secular trend of deflation. Today the primary issue on the minds of investors and central bankers is quite the opposite -- inflation. The current level of prices represents a major headwind for the global economy and financial markets and reinforces the case for a cautious investment stance.

With slower growth and higher inflation, economists are beginning to whisper stagflation as a possible scenario. We think a mild case of stagflation is likely. Expectations of a lethargic economy and rising prices underscore the difficult position of the Fed. The market expects the Fed to raise rates, restoring the value of the dollar and squashing inflation. However as the economy continues to erode and pressure remains on the credit markets, a rate increase may only exacerbate the problems on the other side of the equation.

It is likely growth in the second quarter will benefit from tax rebate checks delivered in May and June. Some of this spending will likely spill over to July helping third quarter results as well. Overall spending on essentials, such as financial obligations, food, energy, and medical care accounts for 58 percent of consumer incomes up from 50 percent ten years ago. With this in mind we still adhere to the belief that the longer-term key to a strong economy remains a healthy job market. If jobs become scarce, the consumer will retrench. So far the job market has remained reasonably healthy. Initial claims for unemployment insurance have risen but remain under 400K and the unemployment rate has drifted to 5.5 percent. Both of these are higher than one would hope, but not a sign of dire times in the job market.

Periods of credit restraint, as we have today, create hostile economic environments. Banks and other lenders have been forced to take large write-offs to reflect losses on securities and loans. An environment of restrained credit supply from banks and financial overhauling by consumers is not consistent with vibrant growth. An end to the severe decline in house prices will be a necessary condition for banking health to improve. The inventory of unsold homes remains high and prices continue to decline as sales remain anemic.

Crisis creates opportunities, and prices of some financial assets have fallen by enough to create excellent value by historical standards. We emphasize the importance of good risk management in light of return expectations when investing in today's difficult markets. We remain hopeful for a recovering housing market, a stronger dollar, and lower oil prices, each of which will boost financial asset prices. Until then we remain cautiously optimistic that we will see rising yields as we approach calendar year end.

Jeffrey D. Lorenzen, CFA
WB Capital Management Inc.



SECTION 1 - SCOPE OF INVESTMENT POLICY

The Investment Policy of the Iowa Public Agency Investment Trust (IPAIT) shall apply to all funds invested on behalf of participants accounted for in the IPAIT financial statements. Each investment made pursuant to this Investment Policy must be authorized by applicable law and this written Investment Policy.

This Investment Policy is intended to comply with Iowa Code chapters 28E, 12B, 12C and sections 331.555 and 384.21.

Upon passage and upon future amendment, if any, copies of this Investment Policy shall be delivered to all of the following:

1. The IPAIT Board of Trustees.
2. All IPAIT depository institutions or fiduciaries.
3. The auditor engaged to audit any fund of IPAIT.

SECTION 2 – FUNDAMENTAL INVESTMENT RESTRICTIONS

A. Unless otherwise specified below, none of the portfolios will:

1. Invest more than 5 percent of the value of their total assets in the securities of any one federally insured Iowa depository institution (other than securities of the U.S. government or its agencies or instrumentalities).
2. Invest 25 percent or more of the value of their total assets in the securities of issuers conducting their principal business activities in any one industry, including financial institutions. This restriction does not apply to securities of the U.S. Government or its agencies and instrumentalities and repurchase agreements relating thereto.
3. Issue any senior securities (as defined in the Investment Company Act of 1940, as amended).
4. Mortgage, pledge or hypothecate their assets.
5. Make short sales of securities or maintain a short position.
6. Purchase any securities on margin.
7. Write, purchase or sell puts, calls or combinations thereof.
8. Purchase or sell real estate or real estate mortgage loans.
9. Invest in restricted securities or invest more than 10 percent of the Portfolio's net assets in repurchase agreements with a maturity of more than seven days, and other liquid assets, such as securities with no readily available market quotation.
10. Underwrite the securities of other issuers.
11. Invest in any securities in contravention of the provisions of Rule 2a-7 of the Investment Company Act of 1940 as it presently exists or as it may hereafter be amended.

B. Prohibited Investments

Assets of IPAIT shall not be invested in the following:

1. Reverse repurchase agreements.
2. Futures and options contracts.
3. Any security with a remaining maturity exceeding 397 days as provided in Rule 2a-7.



C. Prohibited Investment Practices

The following investment practices are prohibited:

1. Trading of securities for speculation or the realization of short-term trading gains.
2. Investing pursuant to a contract providing for the compensation of an agent or fiduciary based upon the performance of the invested assets.
3. If a fiduciary or other third party with custody of public investment transaction records of IPAIT fails to produce requested records when requested by IPAIT or its agents within a reasonable time, IPAIT shall make no new investment with or through the fiduciary or third party and shall not renew maturity investments with or through the fiduciary or third party.

D. Management Policies and Procedures

Following are the fundamental management policies and procedures for IPAIT. All investments shall be maintained in separate IPAIT custodial accounts, segregated by Portfolio on behalf of IPAIT Participants.

1. Each purchase or sale of a security must be handled on a delivery versus payment (DVP) basis. Funds for the purchase of an investment shall not be released to the seller until the security is delivered to the IPAIT Custodian. Conversely, a sold security shall not be released to the buyer until funds for the purchase price of the security have been received by the IPAIT Custodian.
2. "Free delivery" transactions are prohibited. The Custodian shall never release assets from the IPAIT custodial accounts until the funds for the investment are delivered.
3. Any material deviation (greater than .5%) from the amortized cost of investments shall be promptly reported by the Adviser to the Board of Trustees. If such deviation exceeds .5%, the Adviser will consider what action, if any, should be initiated to reasonably eliminate or reduce material dilution or other unfair results to Participants. Such action may include redemption of Trust Units in kind, selling portfolio securities prior to maturity, withholding distributions or utilizing a net asset value per Trust Unit based upon available market quotations.
4. The frequent trading of securities, including day trading for the purpose of realizing short-term gains, the purchase and sale of futures and options to buy or sell authorized investments, reverse repurchase agreements, and other similar speculative transactions are expressly prohibited.
5. IPAIT may not make any investment other than Permitted Investments authorized by the provisions of the law applicable to the investment of funds by the Participants, as such laws may be amended from time to time.
6. IPAIT may not purchase any Permitted Investment if the effect of such purchase by IPAIT would be to make the average dollar weighted maturity of a portfolio greater than ninety (90) days.
7. IPAIT may not borrow money or incur indebtedness whether or not the proceeds thereof are intended to be used to purchase Permitted Investments.
8. IPAIT may not make loans, provided that IPAIT may make Permitted Investments.
9. IPAIT may not purchase securities or shares of investment companies or any entities similar to IPAIT.

The restrictions set forth above are fundamental to the operation and activities of IPAIT and may not be changed without the affirmative approval, in writing, of a majority of the Participants entitled to vote, except that such restrictions may be changed by the Trustees so as to make them more restrictive when necessary to conform the investment program and activities of IPAIT to the laws of the State of Iowa and the United States of America as they may from time to time be amended.

The above investment restrictions shall not be changed without the vote of a majority of the Participants in a Portfolio. "Majority" means the lesser of (a) 67 percent of the Trust's or a Portfolio's outstanding Trust Units voting at a meeting of the Participants at which more than 50 percent of the outstanding Trust Units are represented in person or by proxy or (b) a majority of the Trust's or a Portfolio's outstanding Trust Units.



Management Policies and Procedures (Continued)

Provided, however, the Trust may invest Portfolio assets pursuant to the maximum extent possible by Iowa law governing investments by public agencies and Rule 2a-7 and any change in the restrictions of the Iowa law governing investments by public agencies and Rule 2a-7 shall be deemed to be adopted by the Trust, and such change shall not require the approval of the Participants.

Any investment restrictions or limitations referred to above which involves a maximum percentage of securities or assets shall not be considered to be violated unless an excess over the percentage occurs immediately after an acquisition of securities or utilization of assets and results there from.

Section 3 – DELEGATION OF AUTHORITY

The responsibility for conducting IPAIT investment transactions resides with the IPAIT Board of Trustees. Certain responsibilities have been delegated to the Administrator, the Adviser, and the Custodian (the “Service Providers”) pursuant to the Administrator Agreement, the Adviser Agreement, the Custodian Agreement, with amendments as may be adopted from time to time, and the current Information Statement (the “Documents”).

Each Service Provider shall individually notify the IPAIT Board of Trustees in writing within thirty days of receipt of all communications from the auditor of any Service Provider or any regulatory authority of the existence of a material weakness in internal control structure of the Service Provider or regulatory orders or sanctions regarding the type of services being provided to IPAIT by the Service Provider.

The records of investment transactions made by or on behalf of IPAIT are public records and are the property of IPAIT whether in the custody of IPAIT or in the custody of a fiduciary or other third party.

Section 4 – OBJECTIVES OF INVESTMENT POLICY

The primary objectives, in order of priority, of all investment activities involving the financial assets of IPAIT shall be the following:

1. **Safety:** Safety and preservation of principal in the overall portfolio is the foremost investment objective.
2. **Liquidity:** Maintaining the necessary liquidity to match expected liabilities is the second investment objective.
3. **Return:** Obtaining a reasonable return is the third investment objective.

Section 5 – PRUDENCE

The Board of Trustees, when providing for the investment of deposit of public funds in the IPAIT program, shall exercise the care, skill, prudence and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the Section 4 investment objectives.

Section 6 – INSTRUMENTS ELIGIBLE FOR INVESTMENT

Assets of IPAIT may be invested in the following, all as more fully described in the IPAIT Information Statement:

- Obligations of the United States government, its agencies and instrumentalities.
- Certificates of deposit and other evidences of deposit at federally insured Iowa depository institutions approved and secured pursuant to chapter 12C.
- Repurchase agreements, provided that the underlying collateral consists of obligations of the United States government, its agencies and instrumentalities and that the Custodian takes delivery of the collateral either directly or through an authorized custodian.

All instruments eligible for investment are further qualified by all other provisions of this Investment Policy, including Section 8, Diversification and Investment Maturity Limitations.



Section 7 – DIVERSIFICATION AND INVESTMENT MATURITY LIMITATIONS

It is the policy of IPAIT to diversify portfolio investments in the Diversified Portfolio and the Direct Government Obligation (DGO) Portfolio. As described in the Information Statement, portfolio investments in the Diversified Portfolio and the Direct Government Obligation Portfolio are limited to the following:

1. No individual investment with maturity in excess of 397 days as provided in Rule 2a-7.
2. The maximum average maturity of all portfolio investments may not exceed 90 days. Pursuant to IPAIT policies as disclosed in the Documents, Participants may also individually invest in Fixed Term Program investments.

Section 8 – SAFEKEEPING AND CUSTODY

All invested assets of Participants in the Portfolios or in the Fixed Term Program shall be held in accordance with the Custodian Agreement.

All invested assets eligible for physical delivery shall be secured by having them held at a third party custodian. All purchased investments shall be held pursuant to a written third party custodial agreement requiring delivery versus payment. No assets may be delivered out of the IPAIT account without full payment (no “free deliveries” shall be permitted).

Section 9 – REPORTING

The Service Providers shall submit all reports required in the Documents.

Section 10 – INVESTMENT POLICY REVIEW AND AMENDMENT

This Investment Policy shall be reviewed on or before December 31, 2005 or more frequently as appropriate. Notice of amendments to the Investment Policy shall be promptly given to all parties noted in Section 1.

Section 11 – EFFECTIVE DATE

This Investment Policy shall be effective as of May 1, 1993.
Passed and approved this 20th day of April, 1993.

Amended effective November 1, 2003.



Investing and Non-Investing Participants Diversified and Direct Government Obligation Funds

\$0-\$50,000 Assets Invested

Cascade Municipal Utilities
City of Ames
City of Badger
City of Bellevue
City of Burlington
City of Callender
City of Earlham
City of Earlville
City of Fairfield
City of Grand Mound
City of Grimes
City of Grinnell
City of Grundy Center
City of Jefferson
City of Letts
City of Martensdale
City of Massena
City of Melcher-Dallas
City of Middletown
City of Moulton
City of New Virginia
City of Panora
City of Ringsted
City of Spragueville
City of Springbrook
City of Walnut
City of Wesley
City of Westfield
City Utility of Dike
City Utility of Harlan
City Utility of Martensdale
City Utility of New Hampton
City Utility of Orient
City Utility of Pella
City Utility of Prairie City
Clayton County
County of Chickasaw
County of Fremont
County of Hardin
County of Howard
County of Pocahontas
County of Sac
Fontanelle Municipal Utility
Gilbertville Community Day, Inc.
Gowrie Municipal Utilities
Iowa Stored Energy Plant Agency
Johnson Township Barnum Community Fire D
Lamoni Municipal Utilities
North Central Reg. Emerg. Resp. Com.
Ringgold County Hospital
Southeast Iowa Regional Planning Commission

Stuart Municipal Utilities
Waterloo Water Works
Waverly Health Center

\$50,000-\$250,000 Assets Invested

Algona Municipal Utilities
Buena Vista County Solid Waste Commiss
City of Ackley
City of Agency
City of Albert City
City of Boone
City of Brandon
City of Dike
City of Fairbank
City of Indianola
City of Lamont
City of Lewis
City of Lovilia
City of Mallard
City of Maynard
City of Monroe
City of Montezuma Fire Department
City of Morning Sun
City of Nora Springs
City of Orange City
City of Osceola
City of Parnell
City of Readlyn
City of Red Oak
City of Urbana
City of Wellman
City Utility of Corydon
City Utility of Eagle Grove
City Utility of Fredericksburg
City Utility of Laurens
City Utility of Melcher-Dallas
City Utility of Middletown
City Utility of Urbandale
County of Boone
County of Buena Vista
County of Carroll
County of Crawford
County of Des Moines
County of Franklin
County of Kossuth
County of Plymouth
County of Story
Des Moines Area MPO
Evansdale Water Works
IPAIT Administration Fund
IPPA Administrative
Lakewood Benefited Rec. Lake District

Manning Municipal Gas Department
North Iowa Area Council of Govts.
Southwest Iowa Planning Council
Villisca Municipal Power Plant
Warren County
Webster County Telecommunications Board

\$250,000-\$500,000 Assets Invested

City of Algona
City of Coralville
City of Corydon
City of Dayton
City of Early
City of Elk Horn
City of Epworth
City of Griswold
City of Keystone
City of Mason City
City of Orleans
City of Pella
City of Riverdale
City of Sageville
City of Shueville
City Utility of Readlyn
Clay County
Corning Municipal Utilities
County of Adair
County of Cedar
County of Osceola
Grundy Center Municipal Utilities
Hiawatha Water Department
Ida County
Page County Landfill Association
Poweshiek Water Association
South Iowa Area Crime Commission
South Iowa Detention Service Agency
Urbandale Sanitary Sewer District
Webster County Solid Waste Commission

\$500,000-\$1,000,000 Assets Invested

Brooklyn Municipal Utilities
City of Corning
City of Eagle Grove
City of Gilbertville
City of La Porte City
City of Lake Mills
City of Shelby
City of Van Meter
City Utility of Lake Mills
City Utility of Montezuma
City Utility of Shelby
City Utility of Traer

County of Cass
County of Clarke
County of Greene
County of Linn
County of Mills
County of Ringgold
Denison Municipal Utilities
Geode Resource Conserv. & Develop., Inc.
La Porte City Utility
Montezuma Municipal Light and Power
Second Judicial Dist Dept. of Correct
SIMECA
West Des Moines Water Works
Xenia Rural Water District

\$1,000,000-\$5,000,000 Assets Invested

Broadlawns Medical Center
Cedar Falls Utilities
City of Adel
City of Altoona
City of Ankeny
City of Bondurant
City of Clinton
City of Davenport
City of Denison
City of Forest City
City of Fort Dodge
City of Hiawatha
City of Iowa City
City of Keokuk
City of Knoxville
City of Marion
City of Marshalltown
City of Mitchellville
City of Montezuma
City of Mount Pleasant
City of Muscatine
City of Oskaloosa
City of Polk City
City of Prairie City
City of Shenandoah
City of Sioux City
City of Traer
City of Waverly
City of Windsor Heights
City Utility of Lenox
City Utility of Maquoketa
County of Appanoose
County of Audubon
County of Buchanan
County of Calhoun
County of Decatur



Investing and Non-Investing Participants Diversified and Direct Government Obligation Funds

County of Dickinson	City of Anthon	City of New Hampton	City Utility of Story City	Mt. Pleasant Municipal Utilities
County of Emmet	City of Atlantic	City of New London	City Utility of Vinton	Newton Waterworks
County of Grundy	City of Audubon	City of Newton	City Utility of Wahpeton	Ogden Municipal Utility
County of Hamilton	City of Bettendorf	City of Oelwein	Clear Lake Sanitary District	Palo Alto County Hospital
County of Henry	City of Bloomfield	City of Osage	Council Bluffs Airport Authority	Plymouth County Solid Waste Agency
County of Jackson	City of Bussey	City of Ossian	County of Butler	Pottawattamie County
County of Louisa	City of Camanche	City of Ottumwa	County of Cerro Gordo	Seventh Judicial District
County of Lyon	City of Carlisle	City of Peosta	County of Clinton	Third Judicial District
County of Madison	City of Carson	City of Perry	County of Davis	Van Buren County Hospital
County of Monona	City of Carter Lake	City of Pleasant Hill	County of Dubuque	Washington County Hospital
County of O'Brien	City of Cedar Falls	City of Pleasantville	County of Floyd	Winterset Municipal Utilities
County of Poweshiek	City of Center Point	City of Pocahontas	County of Greene-Medical Center	
County of Sioux	City of Centerville	City of Prescott	County of Hancock	
County of Tama	City of Charles City	City of Preston	County of Harrison	
County of Union	City of Cherokee	City of Rockwell City	County of Iowa	
County of Wapello	City of Clarinda	City of Sac City	County of Jasper	
County of Washington	City of Clive	City of Sheldon	County of Johnson	
County of Webster	City of Colfax	City of Slater	County of Jones	
County of Winneshiek	City of Colo	City of Spencer	County of Marion	
County of Wright	City of Creston	City of Spirit Lake	County of Marshall	
Dallas County	City of Denver	City of St. Charles	County of Mitchell	
Fifth Judicial District	City of Des Moines	City of Storm Lake	County of Monroe	
IAMU Insurance Trust	City of Dubuque	City of Sumner	County of Muscatine	
IMWCA Group C	City of Dunkerton	City of Tipton	County of Page	
Knoxville Utility	City of Eldon	City of Urbandale	County of Polk	
Lucas County	City of Eldridge	City of Villisca	County of Scott	
NIMECA	City of Elk Run Heights	City of Vinton	County of Winnebago	
North Central Iowa Regional SWA	City of Ellsworth	City of Webster City	County of Worth	
Northwest Iowa Area Solid Waste Agency	City of Evansdale	City of Wilton	Crawford County Memorial Hospital	
Orange City Area Health System	City of Fort Madison	City of Woodbine	Dallas County Hospital	
Resale Power Group of Iowa	City of Grand River	City Utility of Alton	Des Moines Metropolitan Transit Authority	
Spencer Municipal Utility	City of Greenfield	City Utility of Ames	Des Moines Utility	
Waverly Light and Power	City of Harlan	City Utility of Anamosa	Eighth Judicial Dist. Dept. of Correct.	
	City of Hawarden	City Utility of Anthon	Fort Madison Utility	
	City of Hazleton	City Utility of Aplington	Greenfield Municipal Utilities	
	City of Hudson	City Utility of Bloomfield	Heart of Iowa Reg. Transit Agency	
	City of Humboldt	City Utility of Colfax	Iowa Lakes Regional Water	
	City of Huxley	City Utility of Coon Rapids	Iowa Northland Reg. Council of Gov.	
	City of Independence	City Utility of Creston	Iowa Public Employer Health Care Cover	
	City of Lehigh	City Utility of Denver	IPPA CMMPA	
	City of Lenox	City Utility of Epworth	IPPA IMTG	
	City of Leon	City Utility of Fairbank	IPPA MMTG	
	City of Lisbon	City Utility of Graettinger	IPPA MMUA	
	City of Lohrville	City Utility of Hawarden	Jefferson County Hospital	
	City of Manchester	City Utility of LeClaire	Lee County	
	City of Manning	City Utility of Lohrville	Manilla Municipal Gas Dept.	
	City of Maquoketa	City Utility of Murray	Manning Municipal Utilities	
	City of Marble Rock	City Utility of Preston	Mid Iowa Regional Housing Authority	
	City of Marengo	City Utility of Sac City	Midas Council of Governments	
	City of Mount Vernon	City Utility of Sanborn	Mid-Iowa Development Association COG	
	City of Murray	City Utility of Slater	Mitchell County Regional Health Center	
	City of Nevada	City Utility of St. Charles	Monroe County Hospital	

Over \$5,000,000 Assets Invested

City of Cedar Rapids
City of Council Bluffs
City of Johnston
City of Washington
City of Waterloo
City of West Des Moines
County of Black Hawk
County of Wayne
Muscatine Power and Water

Non-Investing Participants

Audubon County Memorial Hospital
Cass County Environment Control Agency
Cedar Rapids/Linn County SWA
Central IA Juvenile Detention Commission
City of Alton
City of Anamosa

STATISTICAL SECTION





MAJOR PARTICIPANTS

Diversified	Top Ten Participants		Top Twenty Participants		Top Fifty Participants	
	Percent	Total Assets	Percent	Total Assets	Percent	Total Assets
2008	48%	169,271,079	60%	211,718,912	80%	283,235,598
2007	37%	88,409,383	50%	120,897,069	75%	179,823,065
2006	32%	65,432,579	47%	95,702,772	75%	152,227,092
2005	48%	112,257,335	63%	144,716,918	83%	191,099,445
2004	59%	151,601,053	72%	182,708,595	88%	225,109,501
2003	56%	137,395,976	68%	166,268,864	85%	209,040,889
2002	47%	120,630,674	61%	157,746,696	81%	207,622,556

DGO	Top Ten Participants	
	Percent	Total Assets
2008	100%	23,490,318
2007	100%	15,137,370
2006	100%	16,949,155
2005	100%	14,795,683
2004	100%	37,532,248
2003	100%	81,053,164
2002	100%	66,461,330

INVESTMENT ADVISER

WB Capital Management Inc. has served as the sole Investment Adviser to all investment alternatives within IPAIT since the program's inception in 1987. As of June 30, 2008 WB Capital Management Inc. had a total of \$4.6 billion in assets under management, representing a diverse group of institutional and individual clients.

CONSULTANTS

IPAIT does not employ the use of any professional consultants beyond those service providers detailed in the Notes to Financial Statement Section.

BROKERS

IPAIT does not employ the use of brokers in the operation of its various investment alternatives.



Changes in Fund Units

Changes in Participant Assets Under Management Diversified Fund and Direct Government Obligation Fund

Date	IPAIT Div Fund *	Annual Change	IPAIT DGO Fund **	Annual Change
06/08	355,390,564.83	47.87%	23,490,317.98	55.18%
03/08	331,998,873.55	13.10%	20,762,195.72	-16.03%
12/07	288,037,961.56	17.49%	18,149,614.44	-17.03%
09/07	270,935,522.24	5.68%	21,485,792.27	-5.60%
06/07	240,334,243.40	18.11%	15,137,369.97	-10.69%
03/07	293,556,936.96	23.79%	24,726,426.19	25.66%
12/06	245,158,276.95	1.04%	21,873,657.60	64.88%
09/06	256,375,848.59	2.48%	22,759,469.54	48.47%
06/06	203,481,541.18	-11.40%	16,949,154.61	14.55%
03/06	237,141,014.84	-1.43%	19,677,058.72	3.74%
12/05	242,636,140.23	9.50%	13,266,181.01	-40.13%
09/05	250,171,967.96	13.12%	15,329,258.59	-51.02%
06/05	229,667,965.70	-9.87%	14,795,683.46	-60.58%
03/05	240,589,825.95	-12.58%	18,967,803.75	-58.52%
12/04	221,582,170.10	-10.52%	22,157,021.40	-54.54%
09/04	221,163,015.71	-18.75%	31,294,779.47	-49.15%
06/04	254,818,109.55	-1.84%	37,532,247.62	-28.22%
03/04	275,215,747.39	10.58%	45,727,069.58	-40.88%
12/03	247,626,020.87	-16.67%	48,744,870.84	-25.40%
09/03	272,187,641.22	7.83%	61,548,709.86	17.70%
06/03	259,601,282.28	2.23%	52,291,241.44	-21.32%
03/03	248,884,686.21	-10.42%	77,348,955.10	2.26%
12/02	297,172,600.71	-6.16%	65,341,839.78	-20.73%
09/02	252,426,229.82	-4.62%	52,291,241.44	-44.28%
06/02	253,948,246.81	-4.20%	66,461,330.32	10.81%
03/02	277,835,614.01	-8.83%	75,641,830.59	19.10%
12/01	316,690,866.03	32.71%	82,432,864.86	22.23%
09/01	264,646,237.04	2.53%	93,847,685.08	30.47%
06/01	265,090,819.45	22.47%	59,975,661.32	32.20%
03/01	304,760,387.05	22.97%	63,510,582.38	16.53%
12/00	238,634,980.04	11.98%	67,438,028.90	9.11%
09/00	258,112,750.75	22.59%	71,931,497.30	-1.98%
06/00	216,459,830.44	14.80%	45,366,389.81	-48.21%
03/00	247,826,391.63	4.02%	54,500,307.68	-21.87%
12/99	213,110,138.32	10.58%	61,810,063.88	-15.01%
09/99	210,543,468.83	10.06%	73,381,983.89	-5.63%
06/99	188,558,835.81	6.52%	87,596,381.27	5.71%
03/99	238,242,744.04	24.18%	69,752,927.85	48.18%
12/98	192,712,021.40	19.02%	72,730,351.69	39.38%
09/98	191,295,081.06	2.07%	77,758,458.74	35.23%

*IPAIT Div Fund inception date 11/13/87

**IPAIT DGO Fund inception date 9/1/88



Monthly Comparative Yields

DIVERSIFIED FUND

<u>Date</u>	<u>Diversified Fund Rate ⁽¹⁾</u>	<u>iMoneyNet U.S. Govt. & Agency Index ⁽²⁾</u>	<u>Chapter 74A 32-89 Day ⁽³⁾</u>	<u>Chapter 74A 90-179 Day ⁽³⁾</u>
06/08	2.14	1.55	1.50	1.60
05/08	1.97	1.58	1.70	1.60
04/08	2.15	1.77	1.80	1.70
03/08	2.68	2.35	2.05	2.05
02/08	3.22	2.80	2.00	2.20
01/08	3.79	3.50	2.55	2.80
12/07	4.08	3.80	3.05	3.10
11/07	4.28	3.97	2.75	3.10
10/07	4.47	4.17	2.95	3.20
09/07	4.67	4.39	3.25	3.25
08/07	4.71	4.46	2.85	3.20
07/07	4.87	4.55	3.65	3.30

⁽¹⁾ Actual earnings less expenses

⁽²⁾ iMoneyNet U.S. Government & Agencies Monthly Money Fund Report TM

⁽³⁾ Iowa Code Chapter 74A minimum public funds deposit rates

DGO FUND

<u>Date</u>	<u>DGO Fund Rate ⁽¹⁾</u>	<u>iMoneyNet US Treasury & Repo Index ⁽²⁾</u>	<u>Chapter 74A 32-89 Day ⁽³⁾</u>	<u>Chapter 74A 90-179 Day ⁽³⁾</u>
06/08	1.90	1.22	1.50	1.60
05/08	1.74	1.19	1.70	1.60
04/08	1.97	1.26	1.80	1.70
03/08	1.83	1.38	2.05	2.05
02/08	2.61	1.97	2.00	2.20
01/08	3.08	2.66	2.55	2.80
12/07	3.58	3.19	3.05	3.10
11/07	3.79	3.55	2.75	3.10
10/07	4.26	3.89	2.95	3.20
09/07	4.42	4.14	3.25	3.25
08/07	4.31	3.99	2.85	3.20
07/07	4.65	4.30	3.65	3.30

⁽¹⁾ Actual earnings less expenses

⁽²⁾ iMoneyNet U.S. Treasury & Repo Monthly Money Fund Report TM

⁽³⁾ Iowa Code Chapter 74A minimum public funds deposit rates



Annual Comparative Yields

AVERAGE ANNUAL YIELD FOR THE FISCAL YEARS ENDED JUNE 30,

	Diversified Fund ⁽¹⁾	iMoneyNet U.S. Govt. & Agency Index ⁽²⁾	DGO Fund ⁽¹⁾	iMoneyNet U.S. Treasury & Repo Index ⁽³⁾
2008	3.46	3.24	3.12	2.73
2007	4.84	4.54	4.70	4.45
2006	3.70	3.43	3.58	3.33
2005	1.71	1.41	1.39	1.35
2004	0.59	0.37	0.53	0.31
2003	0.94	0.80	0.92	0.74
2002	2.11	1.87	1.83	1.76
2001	5.33	5.26	5.15	5.06
2000	5.13	4.94	4.98	4.78
1999	4.61	4.47	4.43	4.35
1998	5.10	4.90	4.98	4.85
1997	4.92	4.72	4.84	4.68
1996	5.11	4.88	5.03	4.89
1995	4.86	4.72	4.82	4.65
1994	2.88	2.74	2.77	2.70
1993	2.98	2.83	2.76	2.68

⁽¹⁾ Actual earnings less expenses

⁽²⁾ iMoneyNet U.S. Government & Agencies Money Fund Report TM

⁽³⁾ iMoneyNet U.S. Treasury and Repo Money Fund Report TM

Annual Net Investment Income

TOTAL NET INVESTMENT INCOME FOR THE FISCAL YEARS ENDED JUNE 30,

	Diversified Fund ⁽¹⁾	DGO Fund ⁽¹⁾
2008	10,042,030	637,177
2007	11,907,172	994,195
2006	8,475,466	567,341
2005	3,733,917	349,987
2004	1,477,818	265,254
2003	2,531,693	658,073
2002	5,854,955	1,381,159
2001	13,455,641	3,216,209
2000	11,001,463	3,199,662
1999	8,975,481	3,374,792

⁽¹⁾ Actual earnings less expenses



Changes in Net Assets

For the Years Ended June 30,
(dollars in thousands)

DIVERSIFIED PORTFOLIO

	2008	2007	2006	2005	2004
ADDITIONS:					
From Investment Activities:					
Net Investment income	\$ 10,042	\$ 11,907	\$ 8,472	\$ 3,734	\$ 1,478
From Unit Transactions:					
Units sold	1,350,872	1,246,520	1,151,720	1,055,083	941,862
Units issued in reinvestment of dividends from net investment income	10,036	11,055	7,815	3,596	1,478
TOTAL ADDITIONS	<u>1,370,950</u>	<u>1,269,482</u>	<u>1,168,007</u>	<u>1,062,413</u>	<u>944,818</u>
DEDUCTIONS:					
Dividends to unitholders from:					
Net investment income	(10,042)	(11,907)	(8,472)	(3,734)	(1,478)
From Unit Transactions:					
Units redeemed	<u>(1,245,851)</u>	<u>(1,220,723)</u>	<u>(1,185,721)</u>	<u>(1,083,829)</u>	<u>(933,547)</u>
TOTAL DEDUCTIONS	<u>(1,255,893)</u>	<u>(1,232,630)</u>	<u>(1,194,193)</u>	<u>(1,087,563)</u>	<u>(935,025)</u>
Changes in net assets	115,057	36,852	(26,186)	(25,150)	9,793
Net assets at beginning of period	<u>240,334</u>	<u>203,482</u>	<u>229,668</u>	<u>254,818</u>	<u>245,025</u>
Net assets at end of period	<u>\$ 355,391</u>	<u>\$ 240,334</u>	<u>\$ 203,482</u>	<u>\$ 229,668</u>	<u>\$ 254,818</u>

DIRECT GOVERNMENT OBLIGATION PORTFOLIO

	2008	2007	2006	2005	2004
ADDITIONS:					
From Investment Activities:					
Net Investment income	\$ 637	\$ 994	\$ 567	\$ 350	\$ 265
From Unit Transactions:					
Units sold	42,689	28,227	36,963	20,938	30,121
Units issued in reinvestment of dividends from net investment income	662	994	537	350	265
TOTAL ADDITIONS	<u>43,988</u>	<u>30,215</u>	<u>38,067</u>	<u>21,638</u>	<u>30,651</u>
DEDUCTIONS:					
Dividends to unitholders from:					
Net investment income	(637)	(994)	(567)	(350)	(265)
From Unit Transactions:					
Units redeemed	<u>(34,998)</u>	<u>(31,033)</u>	<u>(35,347)</u>	<u>(44,024)</u>	<u>(45,145)</u>
TOTAL DEDUCTIONS	<u>(35,635)</u>	<u>(32,027)</u>	<u>(35,914)</u>	<u>(44,374)</u>	<u>(45,410)</u>
Changes in net assets	8,353	(1,812)	2,153	(22,736)	(14,759)
Net assets at beginning of period	<u>15,137</u>	<u>16,949</u>	<u>14,796</u>	<u>37,532</u>	<u>52,291</u>
Net assets at end of period	<u>\$ 23,490</u>	<u>\$ 15,137</u>	<u>\$ 16,949</u>	<u>\$ 14,796</u>	<u>\$ 37,532</u>



Changes in Net Assets

For the Years Ended June 30,
(dollars in thousands)

DIVERSIFIED PORTFOLIO

	2003	2002	2001	2000	1999
ADDITIONS:					
From Investment Activities:					
Net Investment income	\$ 2,532	\$ 5,855	\$ 13,456	\$ 11,002	\$ 8,975
From Unit Transactions:					
Units sold	912,308	895,986	1,024,910	1,032,835	912,337
Units issued in reinvestment of dividends from net investment income	2,532	5,855	13,456	11,002	8,975
TOTAL ADDITIONS	<u>917,372</u>	<u>907,696</u>	<u>1,051,822</u>	<u>1,054,839</u>	<u>930,287</u>
DEDUCTIONS:					
Dividends to unitholders from:					
Net investment income	(2,532)	(5,855)	(13,456)	(11,002)	(8,975)
From Unit Transactions:					
Units redeemed	(923,763)	(912,984)	(989,735)	(1,015,936)	(909,772)
TOTAL DEDUCTIONS	<u>(926,295)</u>	<u>(918,839)</u>	<u>(1,003,191)</u>	<u>(1,026,938)</u>	<u>(918,747)</u>
Changes in net assets	(8,923)	(11,143)	48,631	27,901	11,540
Net assets at beginning of period	<u>253,948</u>	<u>265,091</u>	<u>216,460</u>	<u>188,559</u>	<u>177,019</u>
Net assets at end of period	<u>\$ 245,025</u>	<u>\$ 253,948</u>	<u>\$ 265,091</u>	<u>\$ 216,460</u>	<u>\$ 188,559</u>

DIRECT GOVERNMENT OBLIGATION PORTFOLIO

	2003	2002	2001	2000	1999
ADDITIONS:					
From Investment Activities:					
Net Investment income	\$ 658	\$ 1,381	\$ 3,216	\$ 3,200	\$ 3,375
From Unit Transactions:					
Units sold	43,658	48,029	38,973	12,830	38,064
Units issued in reinvestment of dividends from net investment income	658	1,381	3,216	3,200	3,375
TOTAL ADDITIONS	<u>44,974</u>	<u>50,791</u>	<u>45,405</u>	<u>19,230</u>	<u>44,814</u>
DEDUCTIONS:					
Dividends to unitholders from:					
Net investment income	(658)	(1,381)	(3,216)	(3,200)	(3,375)
From Unit Transactions:					
Units redeemed	(58,486)	(42,924)	(27,580)	(58,260)	(36,708)
TOTAL DEDUCTIONS	<u>(59,144)</u>	<u>(44,305)</u>	<u>(30,796)</u>	<u>(61,460)</u>	<u>(40,083)</u>
Changes in net assets	(14,170)	6,486	14,609	(42,230)	4,731
Net assets at beginning of period	<u>66,461</u>	<u>59,975</u>	<u>45,366</u>	<u>87,596</u>	<u>82,865</u>
Net assets at end of period	<u>\$ 52,291</u>	<u>\$ 66,461</u>	<u>\$ 59,975</u>	<u>\$ 45,366</u>	<u>\$ 87,596</u>



Glossary of Investment Terms

Accrued interest - interest accumulated on all securities in a portfolio since the most recent payment date for each security.

Administrator - entity that carries out IPAIT policies and provides participant recordkeeping services.

Amortized Cost - method of accounting that gradually reduces a security's discount or premium on a straight-line basis.

Assets - items in financial statement with current market value owned by IPAIT.

Certificate of Deposit - debt instrument issued by a financial institution with an interest rate set by competitive forces in the marketplace.

Collateral - U.S. government or agency securities pledged to IPAIT until investment is repaid. For instance, the security for a collateralized certificate of deposit issued by an Iowa financial institution.

Compound Rate - interest calculation based upon investment of principal plus reinvestment of interest earned from previous period(s). IPAIT portfolio interest is compounded or reinvested monthly.

Custodian - bank that maintains custody of all IPAIT assets.

Discount - the dollar amount by which the par value of a bond exceeds its market price.

Diversified - spreading of risk by investing assets in several different categories of investment and assorted maturities within those categories.

Investment Adviser - Securities and Exchange Commission registered firm that provides investment advice to IPAIT.

Iowa Code Chapter 74A Rates - Minimum rates at which Iowa financial institutions may accept deposits of public funds for various periods.

Liabilities - claims on the assets of IPAIT.

Market Value - the current price or value of a security.

Net Investment Income - income from IPAIT investments distributed to participants after payment of program operating expenses.

Nominal Rate - simple interest calculation based only upon the principal amount invested without reinvestment of earned interest

Par Value - value of IPAIT investments at maturity.

Portfolio - all investments owned by IPAIT.

Premium - the dollar amount by which the market price of a bond exceeds its par value.

Redemptions - withdrawal of funds by participants from IPAIT.

Repurchase Agreement - agreement between IPAIT and a seller of U.S. government securities, whereby the seller agrees to repurchase the securities at an agreed upon price at a stated time. The transaction is collateralized by U.S. government or U.S. agency securities with a market value of at least 102% of the value of the repurchase agreement.

Straight-Line - conservative accounting procedure to reduce a security's premium or discount in equal daily increments over its remaining period to maturity.

U.S. Government Agencies - securities issued by U.S. government sponsored corporations such as the Federal Home Loan Bank and Federal National Mortgage Association.

U.S. Government Securities - direct obligations of the U.S. government, such as Treasury bills, notes and bonds.

Yield Curve - graph plotting yields of securities of similar quality on vertical axis and maturities ranging from shortest to longest on horizontal axis.

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